



City of St. Louis, Missouri

Comprehensive Annual Financial Report

2007

"St. Louis Is Blossoming!"

Year Ended June 30



Missouri Botanical Garden



The Missouri Botanical Garden was created by Henry Shaw, a prominent St. Louis businessman who opened his garden to the public in 1859. Inspired by the gardens of his native England and guided by the eminent botanist Dr. George Engelmann, Mr. Shaw intended his garden to be a center for education, scientific research, and horticultural display.

The Garden was originally a treeless prairie far outside the city. Mr. Shaw, who came to St. Louis in 1819 and made a fortune selling goods to traders and settlers setting off for the West, retired at the age of 40 and devoted the rest of his life to developing his garden

and the nearby Tower Grove Park. Today the Missouri Botanical Garden is a National Historic Landmark and maintains one of the world's leading programs in science and conservation. The mission of "Shaw's Garden," as it is popularly known, is "to discover and share knowledge about plants and their environments, in order to preserve and enrich life."



"St. Louis Is Blossoming!"

Missouri Botanical Garden - 4344 Shaw Boulevard - St. Louis, MO 63110

Automated events hotline: 314.577.9400 or 1.800.642.8842

Website: www.mobot.org

{Photo credit: Matt Bender and Josh Monken}

CITY OF ST. LOUIS, MISSOURI
COMPTROLLER



COMPLIMENTS OF THE COMPTROLLER
DARLENE GREEN

The City of
Saint Louis, Missouri



Comprehensive Annual Financial Report
Fiscal Year Ended June 30, 2007

*Prepared by
Office of the Comptroller*

*Darlene Green
Comptroller*

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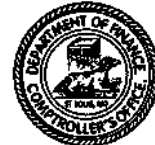
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OFFICE OF THE COMPTROLLER
CITY OF ST. LOUIS



DARLENE GREEN
Comptroller

212 City Hall
(314) 622-3588
FAX: (314) 622-4026

December 21, 2007

The Honorable Francis G. Slay, Mayor
The Honorable Members of the Board of Aldermen
and the Citizens of the City of St. Louis, Missouri:

The Comprehensive Annual Financial Report of the City of St. Louis, Missouri (City) for the fiscal year ended June 30, 2007 is hereby submitted.

This report has been prepared pursuant to, and to demonstrate compliance with, Article VIII, Section 10, of the City Charter. The Comprehensive Annual Financial Report (CAFR) is in conformance with the standards for financial reporting of the Governmental Accounting Standards Board (GASB) and the Government Finance Officers Association of the United States and Canada (GFOA).

Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operation. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

The City's basic financial statements have been audited by KPMG LLP, an independent certified public accounting firm. The goal of the independent audit was to provide reasonable assurance that the basic financial statements of the City for the fiscal year ended June 30, 2007, are free of material misstatement. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City's basic financial statements for the fiscal year ended June 30, 2007, are fairly presented in conformity with Generally Accepted Accounting Principles (GAAP). The independent auditors' report is presented as the first component of the financial section of this report.

GAAP require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of the Management's Discussion and Analysis (MD & A). This letter of transmittal is designed to compliment MD & A and should be read in conjunction with it. The City's MD & A can be found immediately following the report of the independent auditors.



CAFR FORMAT

There are three main sections in this report:

The Introductory Section includes this transmittal letter, the Certificate of Achievement for Excellence in Financial Reporting, a list of elected officials and the Comptroller's and the City's organizational charts.

The Financial Section includes the independent auditors' report, MD&A, basic financial statements for the City including footnotes, required supplementary information, as well as other supplementary information.

The Statistical Section includes selected financial and demographic information, generally presented on a multi-year basis.

ACCOUNTING SYSTEM, INTERNAL CONTROLS, AND BUDGETARY CONTROL

The City utilizes a fully computerized Accounting Information Management System (AIMS). This system is based on a single input of information. The AIMS system provides: 1) integrated, general and subsidiary accounting of all funds; 2) appropriation/encumbrances accounting and control; and 3) the ability to generate cost/expenditure data in a multitude of formats useful for budgetary control and other managerial purposes.

In developing and evaluating the City's accounting system, consideration was given to the adequacy of internal accounting controls. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding:

- The safeguarding of assets against loss from unauthorized use or disposition, and
- The reliability of financial records for preparing financial statements and maintaining accountability for assets.
- The concept of reasonable assurance recognizes that:
 - The cost of a control should not exceed the benefits likely to be derived, and
 - The evaluation of assets and benefits requires estimates and judgements by management.

All internal control evaluations occur within this framework. Therefore, the Comptroller's Office believes that the City's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

Through annual appropriations, the City maintains budgetary control at the fund level. Cost classifications are categorized in the following groups: personnel services, materials and supplies, rental and non-capital leases, non-capital equipment, capital assets, contractual and other services, and debt service and special extraordinary items.

ACCOUNTING SYSTEM, INTERNAL CONTROLS, AND BUDGETARY CONTROL (Continued)

Encumbrances are recorded by the Control Section (or in some cases by the requesting department) through an on-line budgetary control module before requisitions are sent to the Purchasing Division. If sufficient appropriations are not available to cover a purchase, the requisitions is returned to the originating department for transfer of appropriations between departments with prior approval of the Board of Estimate and Apportionment (E&A). A formal monthly expense monitoring procedure has been established to help eliminate rejected requisitions and related cancellations, and to minimize line item transfers. Encumbrances are detailed for current year budgetary presentations. While appropriation balances lapse at the end of the fiscal year, appropriation balances for encumbrances remain.

Within the Strategic Financial Plan for the city, major controls that, among other things, guide city officers in their deliberation over the financial wisdom of potential actions. One of those controls requires the city to informally reserve a minimum of 5% of the next year's general fund expenditures for appropriation only under severe circumstances. The reserve effectively reduces the funds available for appropriation.

BUDGET PROCESS

The City's fiscal year is July 1 through June 30. The budget process begins in the preceding December with a revenue forecast for the upcoming fiscal year. By February, department budget requests are submitted to the Budget Division, and the review process begins immediately.

The Budget Division works closely with E&A in developing, within forecasted revenue constraints, the proposed budget. By law, E&A must recommend a balanced budget to the Board of Aldermen (the Board), the City's legislative body, sixty days prior to the start of a new fiscal year. The Board may decrease but not increase any recommended appropriation amount. The Board, however, may recommend changes in the proposed budget. Any changes must be mutually agreed upon between the Board and E&A. If a budget cannot be agreed upon prior to July 1, the final budget presented by E&A becomes the official budget.

As part of the long-term financial planning, the Budget Division prepares a 5-year projection of revenues and expenditures. The projection is based on known challenges facing the city as well as straight-line growth based on recent history. No formal action is taken on the projections.

ECONOMIC OUTLOOK

The City is the core of a sixteen county metropolitan area covering parts of both Missouri and Illinois (MSA). It is the employment and entertainment center of an area containing a population of more than 2.7 million residents. The downtown area is the office center, with over 12 million square feet of Class A and B office space. According to the Missouri Department of Labor and Industrial Relations there are approximately 1.3 million non-agricultural jobs in the MSA. Although the distribution of jobs across industry sectors has resulted in a decline in the City's share of jobs in the metropolitan area, the City remains a significant source of jobs in the region with nearly 16% of all the jobs. Job growth in the City has been in the service sector and the expectation is that long term employment growth in the City will be in the areas of medical and business services, as well as convention and tourism business.

RISK MANAGEMENT

The City uses a combination of insurance and self-insurance for risk protection. Certain coverage has been obtained for high-risk activities or as required by law. All general liability cases are handled by the City Counselor's Office. The City's staff of attorneys attempts to settle or defend all claims made against the City. Each year an appropriation is made to a judgement account which is segregated in the Public Facilities Protection Corporation (PFPC), a not-for-profit corporation. PFPC implements programs to assure continued municipal and governmental services, which could be jeopardized by the escalating costs of insurance and /or exposure to claims and judgements that exceed fiscal abilities. It is administered by three City officials representing the Office of the Comptroller, the City Counselor's Office and the Budget Division, and treated as a blended component unit of the City. These officials are responsible for obtaining and maintaining adequate funding and reserves.

Additionally, PFPC administers all workers' compensation liabilities. A third party administrator was contracted to process all claims and make recommendations regarding workers' compensation concerns. The utilization of a third party administrator working with improved City safety efforts has resulted in a reduction in the number and severity of workers' compensation claims. This has also enabled the City to more timely process claims and payments, as well as provide more timely and accurate statistical data.

INTERNAL AUDIT

It is the special responsibility of the Comptroller, as set out in the Charter, to provide City officials and taxpayers with reasonable assurance that public funds and property are adequately safeguarded and that financial transactions are authorized and properly recorded.

The Comptroller's internal audit staff audits various departments within the City testing for the methods employed by the department to safeguard the assets, ensuring the reliability of the accounting data, promoting efficient operations and ensuring compliance with established ordinances and the City Charter. Audits may also be performed on various corporations and not-for-profit organizations to ensure compliance with the various contractual agreements with the City. In addition to audits, the internal audit staff reviews the revenue collection procedures established by those departments and employees who receive or collect City revenue. As a result of these audits and reviews, the internal auditors develop recommendations of procedures that should be implemented to improve internal controls. These audits and reviews are performed on a continual basis.

CERTIFICATE OF ACHIEVEMENT

The City's CAFR for the fiscal year ended June 30, 2006 was awarded the Certificate of Achievement for Excellence in Financial Reporting from the GFOA. This is the twentieth year the City has received this prestigious award.

CERTIFICATE OF ACHIEVEMENT

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized CAFR, whose contents conform to program standards. The report satisfied both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for one year only. We believe that our current CAFR will continue to meet the Certificate of Achievement Program requirements and we will be submitting it to the GFOA to determine its eligibility for another certificate.

ACKNOWLEDGMENT

I would like to express my appreciation to the staff members of the Comptroller's Office for their many hours in the preparation of this report. I also extend my appreciation to the independent accounting firm of KPMG LLP for their professional service. Contributions to the completion and publication of this financial history were made by staff of other departments to whom I also express my appreciation.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Darlene Green', with a stylized, flowing script.

Darlene Green
Comptroller

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of St. Louis
Missouri

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2006

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Charles S. Cox

President

Jeffrey R. Enen

Executive Director

The City of St. Louis, Missouri
Elected Officials
June 30, 2007



BOARD OF ALDERMEN

(Aldermen listed to numerical order by ward)

FRANCIS G. SLAY
Mayor

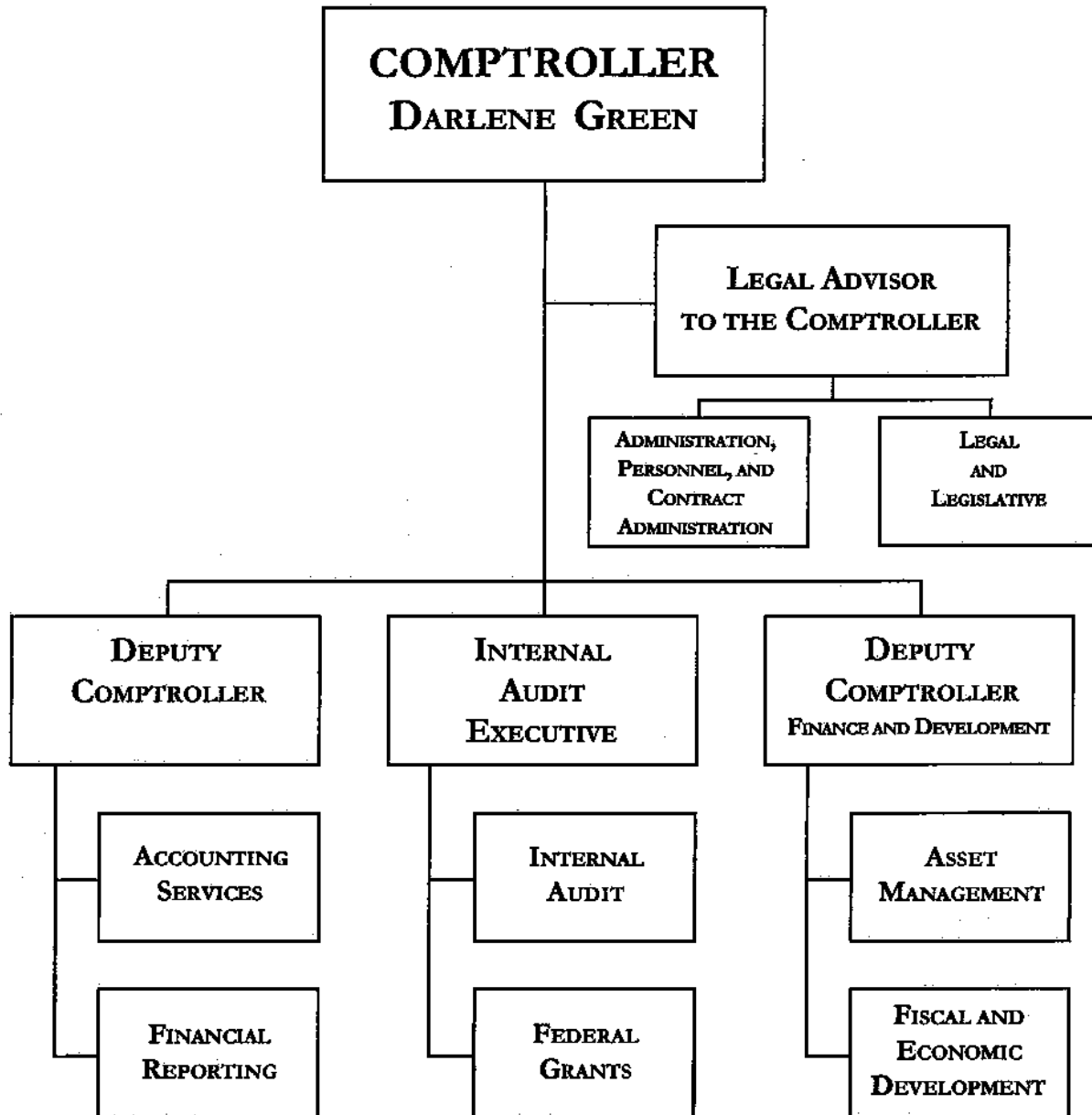
DARLENE GREEN
Comptroller

LEWIS REED
President, Board of Aldermen

Charles Quincy Troupe
Dionne Flowers
Freeman Bosley, Sr.
Samuel L. Moore
April Ford-Griffin
Kacie Starr Triplett
Phyllis Young
Stephen Conway
Kenneth Ortmann
Joseph Vollmer
Matt Villa
Fred Heitert
Alfred Wessels, Jr.
Stephen Gregali

Jennifer Florida
Donna Baringer
Joseph D. Roddy
Terry Kennedy
Marlene Davis
Craig Schmid
Bennice Jones King
Jeffrey Boyd
Kathleen Hanrahan
William Waterhouse
Dorothy Kirner
Frank Williamson
Gregory Carter
Lyda Krewson

THE CITY OF ST. LOUIS, MISSOURI
OFFICE OF THE COMPTROLLER



City of St. Louis, Missouri

Mayor (4 Years)

Board of Police Commissioners (4 Members & Mayor Ex Officio, 4 Years)

Police Chief (Chart)

Board of Election Commissioners (4 members, 4 Years)

Recorder of Deeds (4 Years, Chart)

Circuit Clerk (4 Years, Chart)

Sheriff (4 Years, Chart)

Circuit Attorney (4 Years, Chart)

Mayor (4 Years)

Comptroller (4 Years, Chart)

President Bd. of Aldermen (4 Years)

28 Ward Aldermen (4 Years)

Board of Aldermen

Board of Estimate and Apportionment

Budget Director (Chart)

Treasurer (4 Years)

Public Adminis. (4 Years)

Licence Collector (4 Years)

Collector of Revenue (4 Years)

Assessor

Director of Public Safety (Chart)

Director Streets (Chart)

Director Public Utilities (Chart)

Director Parks, Recreation, & Forestry (Chart)

Director Health & Hospitals (Chart)

Director Human Services (Chart)

President Board of Public Service (Chart)

Airport Director (Chart)

Medical Examiner

Board of Public Service

Director of Personnel (Chart)

Director Civil Rights Enforcement Agency (Chart)

City Counselor (Chart)

Clerk Municipal Division City Courts (Chart)

Judges Municipal Division City Courts (Chart)

Director of Planning & Urban Design Agency (Chart)

City Marshal (Chart)

Information Technology Services Agency

Supply Commissioner (Chart)

Register (Chart)

Director Community Development Adminis. (Chart)

Dir. St. Louis Agency on Training & Employment (Chart)

Judges Circuit Court 24 Members 6 Years (Chart)

Assoc. Judges Circuit Court 7 Members 4 Years (Chart)

Office Appointed by Governor of Missouri

Elective Offices

Chart Agency Organizational Chart





KPMG LLP
Suite 900
10 South Broadway
St. Louis, MO 63102-1761

Independent Auditors' Report

To the Honorable Mayor and
Members of the Board of Aldermen
City of St. Louis, Missouri:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of St. Louis, Missouri, as of and for the year ended June 30, 2007, which collectively comprise the City of St. Louis, Missouri's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of St. Louis, Missouri's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the pension trust funds and the St. Louis Development Corporation. The assets and additions/revenue of the pension trust funds represent 91% and 54% of the assets and additions/revenue, respectively, of the aggregate remaining fund information. The assets and revenues of the St. Louis Development Corporation represent 51% and 12% of the assets and revenues, respectively, of the aggregate discretely presented component units. The financial statements of the pension trust funds and the St. Louis Development Corporation were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for those funds and discretely presented component units, is based on the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of the pension trust funds were not audited in accordance with *Government Auditing Standards*. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City of St. Louis, Missouri's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit, and the reports of other auditors, provides a reasonable basis for our opinions.

In our opinion, based upon our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of St. Louis, Missouri, as of June 30, 2007, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 27, 2007, on our consideration of the City of St. Louis, Missouri's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis on pages 3 through 19, the Budgetary Comparison Information on pages 133 through 138, and the Firemen's Retirement System of St. Louis and Employees' Retirement System of the City of St. Louis Information on page 139 are not a required part of the basic financial statements but are supplementary information required by U.S. generally accepted accounting principles. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of St. Louis, Missouri's basic financial statements. The combining and individual fund financial statements and schedules – additional supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and, in our opinion, based on our audit and the reports of other auditors, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

KPMG LLP

St. Louis, Missouri
December 27, 2007

<p style="text-align: center;">CITY OF ST. LOUIS MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2007</p>
--

This section of the City of St. Louis's (the City) Comprehensive Annual Financial Report presents an easily readable analysis of the City's financial activities based on currently known facts, decisions, and conditions. The following discussion and analysis of the City's financial performance has been prepared by management to provide an overview of the basic financial statements of the City of St. Louis for the fiscal year ended June 30, 2007. For a comprehensive understanding of the financial statements, please review the transmittal letter at the front of this report along with the City's financial statements, including the footnotes that follow the Management's Discussion and Analysis.

FINANCIAL HIGHLIGHTS (excluding discretely presented component units)

- On a government-wide basis the City's total assets exceeded its liabilities for the current fiscal year by \$1.5 billion.
- Governmental activities and business-type activities had net assets of \$261.1 million and \$1,240.0 billion, respectively.
- On a government-wide basis during the year, the City's total expenses were \$89.6 million more than the \$940.4 million revenue generated in charges for services, grants, taxes, and other revenues. This is mainly due to loss on sale of capital assets of \$78.4 million.
- The cost of services for the City's governmental activities was \$682.8 million in fiscal year 2007 (excluding interest and fiscal charges).
- As of June 30, 2007, the City's governmental funds reported combined ending fund balances of \$220.3 million. Of this amount, \$122.8 million is unreserved fund balance.
- The unreserved fund balance for the general fund was \$53.6 million or 13.0% of total general fund expenditures.
- The general fund revenues were higher than original budget estimates mainly due to an increase in earnings tax.
- In fiscal year 2007, the City issued \$560.9 million in long-term debt to finance projects and refund debt. There was a net increase of \$19.9 million or 1.2% in bond debt during the current fiscal year.
- Total actual resources available in the General Fund were \$2.9 million more than originally estimated and appropriated.
- Net pension obligations increased by \$32.0 million due to the difference between the actuarial determined pension contributions to the three pension funds and the amounts actually contributed.
- Tax increment financing (TIF) debt increased liabilities in the amount of \$44.4 million. There is no related asset for TIF debt, so net increases in TIF debt reduce unrestricted net assets by an equal amount.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements include three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

Government-wide Financial Statements

The first set of financial statements is the government-wide statements that report information about the City as a whole using accounting methods similar to those used by private-sector companies. The two government-wide statements, **Statement of Net Assets** and **Statement of Activities**, report the City's net assets (excluding fiduciary activity) and how they have changed. In the government-wide statements, a distinction is made between governmental-type activities and business-type activities. Governmental-type activities are those normally associated with the operation of a government such as, public safety, parks, and streets. Business-type activities are those activities of the government that are designed to be self-supporting.

The **Statement of Net Assets** presents information on all of the City's assets and liabilities, with the difference between the two reported as net assets. Increases and decreases in net assets may serve as a useful indicator of whether or not the financial position of the City is improving or deteriorating. The statement of net assets also provides information on unrestricted and restricted net assets and net assets invested in capital assets, net of related debt.

The **Statement of Activities** presents information showing how the City's net assets changed during the most recent fiscal year. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of the timing of related cash flows.

The statement of activities presents the various functions of the City and the degree to which they are supported by charges for services, federal and state grants and contributions, tax revenues, and investment income.

The governmental activities of the City include general government, convention and tourism, parks and recreation, judicial, streets, public safety (fire, police, other), health and welfare, public service, community development as well as interest and fiscal charges. The business-type activities of the City include an airport, water division, and parking division.

The government-wide financial statements include not only the City itself (known as the primary government), but also a legally separate redevelopment agency, a legally separate police department for which the City is financially accountable, and a legally separate corporation that owns and leases the downtown steam loop. Financial information for these component units is reported separately from the financial information presented for the primary government.

The government-wide financial statements also include blended component units within the primary government because of their governance. Included within the governmental activities of the government-wide financial statements are the operations of the Public Facilities Protection Corporation (PFPC), St. Louis Municipal Finance Corporation, and St. Louis Parking Commission Finance Corporation.

Fund Financial Statements

The second set of statements is fund financial statements, which provide information about groupings of related accounts that are used to maintain control over resources for specific activities or objectives. The City uses fund accounting to demonstrate compliance with finance-related legal requirements. The fund financial statements provide more detailed information about the City's most significant funds - not the City as a whole. The funds of the City can be divided into the following three categories: governmental funds, proprietary funds, and fiduciary funds.

1. *Governmental Funds.* Governmental funds tell how general government services were financed in the short term as well as what financial resources remain available for future spending to finance City programs.

The City maintains several individual governmental funds according to their type (general, special revenue, debt service, and capital projects). Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, capital projects fund, and grants fund, which are considered to be major funds. Individual fund data for each of the nonmajor governmental funds is provided in the form of combining statements.

2. *Proprietary Funds.* Proprietary funds offer short-term and long-term financial information about services for which the City charges customers, both external customers and internal departments of the City. The City maintains the following two types of proprietary funds:
 - *Enterprise Funds* are used to report information similar to business-type activities in the government-wide financial statements. The City uses the enterprise funds to account for the operations of the Lambert-St. Louis International Airport (Airport), Water Division, and the Parking Division.
 - *Internal Service Funds* are used to report activities that provide supplies and services for certain City programs and activities. The City uses internal service funds to account for its mail handling services, for payment of workers' compensation and various other claims, and health insurance.
3. *Fiduciary Funds.* Fiduciary funds are used to account for resources held for the benefit of individuals or units outside of the City. The City is the trustee or fiduciary responsible for assets that can be used only for the trust beneficiaries per trust arrangements. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the City's fiduciary activities are reported in a separate statement of fiduciary net assets and a statement of changes in fiduciary net assets. The City's pension trust funds and agency funds are reported under the fiduciary funds. Since the resources of these funds are not available to support the City's own programs, they are not reflected in the government-wide financial statements.

Notes to the Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Required Supplementary Information

In addition to the basic financial statements and notes to the financial statements, this report presents required supplementary information concerning the City's budgetary comparisons for the general fund and required supplementary information pertaining to the Firemen's Retirement System of St. Louis and the Employees' Retirement System of the City of St. Louis pension trust funds. The Police Retirement System of St. Louis uses the aggregate actuarial cost method, and accordingly, no required supplementary information is presented as this method does not identify or separately amortize unfunded actuarially accrued liabilities.

Combining Statements

The combining statements provide fund level detail for all nonmajor governmental funds, internal service funds, pension trust funds, and agency funds.

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

Net assets. The City's combined net assets for fiscal years 2007 and 2006 were \$1.5 billion and \$1.6 billion, respectively. Looking at the net assets of governmental and business-type activities separately provides additional information.

The City of St. Louis, Missouri
Schedule of Net Assets
June 30, 2007 and 2006
(dollars in millions)

	Governmental activities		Business-type activities		Total	
	2007	2006	2007	2006	2007	2006
Assets:						
Current and other assets	\$ 372.2	336.0	369.7	362.8	741.9	698.8
Capital assets	774.9	768.7	1,906.0	1,972.6	2,680.9	2,741.3
Total assets	1,147.1	1,104.7	2,275.7	2,335.4	3,422.8	3,440.1
Liabilities:						
Long-term debt outstanding	801.3	735.8	984.9	993.8	1,786.2	1,729.6
Other liabilities	84.7	63.6	50.8	56.2	135.5	119.8
Total liabilities	886.0	799.4	1,035.7	1,050.0	1,921.7	1,849.4
Net assets:						
Invested in capital assets,						
Net of related debt	410.4	402.3	1,072.9	1,120.7	1,483.3	1,523.0
Restricted	103.9	108.9	136.1	145.3	240.0	254.2
Unrestricted	(253.2)	(205.9)	31.0	19.4	(222.2)	(186.5)
Total net assets	\$ 261.1	305.3	1,240.0	1,285.4	1,501.1	1,590.7

ANALYSIS OF NET ASSETS

As noted earlier, net assets may serve as a useful indicator of a government's financial position. For the City, assets exceeded liabilities by \$1.5 billion in the current year and \$1.6 billion in the previous year.

Of the largest portion of the City's net assets totalling 1.5 billion, 98.8% reflects its investments of capital assets (for example, infrastructure, land, buildings, and equipment), less any related outstanding debt used to acquire those assets. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be liquidated for these liabilities.

Included in the City's total net assets at the end of fiscal year 2007 and fiscal 2006, respectively, is \$240.0 million and \$254.2 million, which represent resources that are subject to external restrictions on how they may be used.

Total unrestricted net assets decreased by \$35.7 million for the year ended June 30, 2007. Consequently, unrestricted governmental activities net assets showed a \$253.2 million deficit at the end of this year as compared with a \$205.9 million deficit last fiscal year. This deficit does not mean that the City does not have resources available to pay its bills next year. Rather, it is the result of having long-term commitments that are greater than currently available resources. For example, the City's policy and practice is to budget for certain long-term expenses as they come due. Specifically, the City did not include in past annual budgets the full amounts needed to finance future liabilities arising from property and casualty claims and amounts to pay for unused employee vacation and sick days. The City will continue to include these amounts in future year's budgets as they come due.

In addition, three particular features of the City's recent financial activity affected the deficit in unrestricted governmental net assets. These activities over the past several years reflect debt to provide development stimulus for which the City received no offsetting asset. They include the following:

- Section 108 loan agreements, \$58.8 million
- Joint venture financing agreement for the expansion of the convention center, \$65.1 million
- Tax increment financing debt for economic development projects in the amount of \$114.3 million

Although the net assets of the business-type activities account for 82.6% of overall net assets, these resources cannot be used to make up for the unrestricted net asset deficit in governmental activities. The City generally can only use these net assets to finance the continuing operations of the Airport, Water Division, and the Parking Division.

The City of St. Louis, Missouri
Changes in Net Assets
For the Fiscal Years ended June 30, 2007 and 2006
(dollars in millions)

	Governmental activities		Business-type activities		Total	
	2007	2006	2007	2006	2007	2006
Revenues:						
Program revenues:						
Charges for services	\$ 117.1	106.5	213.6	209.4	330.7	315.9
Operating Grants and Contributions	76.0	80.2	2.7	6.7	78.7	86.9
Capital Grants and Contributions	14.2	13.8	44.6	38.3	58.8	52.1
General revenues:						
Taxes	447.6	435.5			447.6	435.5
Investment Income	12.1	9.5	12.5	11.8	24.6	21.3
Total revenues	667.0	645.5	273.4	266.2	940.4	911.7
Expenses:						
General government	91.8	93.6			91.8	93.6
Convention and tourism	4.4	4.6			4.4	4.6
Parks and recreation	28.1	25.4			28.1	25.4
Judicial	47.0	46.6			47.0	46.6
Streets	58.6	59.1			58.6	59.1
Public Safety:						
Fire	56.5	54.6			56.5	54.6
Police	138.9	134.6			138.9	134.6
Other	60.0	55.7			60.0	55.7
Health and welfare	45.6	46.1			45.6	46.1
Public service	73.1	67.5			73.1	67.5
Community Development	78.8	66.3			78.8	66.3
Interest on long-term debt	36.0	33.7			36.0	33.7
Airport			178.1	156.8	178.1	156.8
Water Division			42.3	40.5	42.3	40.5
Parking Division			12.4	14.1	12.4	14.1
Total expenses	718.8	687.8	232.8	211.4	951.6	899.2
Increase (decrease) in net assets before gain and transfers	(51.8)	(42.3)	40.6	54.8	(11.2)	12.5
Gain/loss on sale of capital assets	(.3)		(78.1)		(78.4)	
Transfers	7.9	7.4	(7.9)	(7.4)	0.0	0.0
Increase (decrease) in net assets	(44.2)	(34.9)	(45.4)	47.4	(89.6)	12.5
Net assets-beginning	305.3	340.2	1,285.4	1,238.0	1,590.7	1,578.2
Net assets-ending	\$ 261.1	305.3	1,240.0	1,285.4	1,501.1	1,590.7

Changes in net assets. The City's total revenue on a government-wide basis was \$940.4 million, an increase of \$28.7 million over the previous year. Taxes represent 47.6% of the City's revenue as compared with 47.8% last year. Additionally, 35.2% comes from fees charged for services, as compared with 34.7% of the previous year's revenue. The remainder is state and federal aid, interest earnings, and miscellaneous revenues.

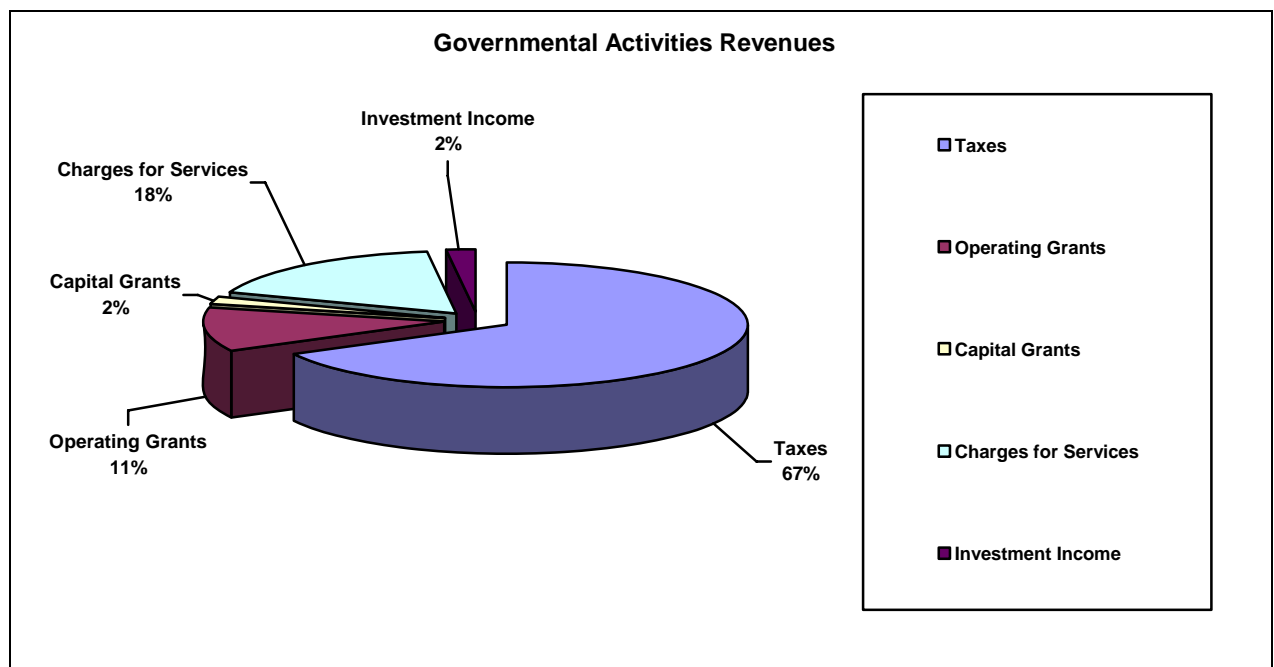
The total cost of all programs and services was \$951.6 million, an increase from \$899.2 million last year. The City's expenses cover a range of typical City/county services. The largest program was the Airport. The program with the largest burden on general revenues was public safety.

Governmental activities. As a result of this year's operations, the net assets of governmental activities decreased by \$44.2 million or 14.4%. The net asset decrease is primarily related to the anticipated level of spending over the expected growth in revenues. Revenues increased by \$21.5 million or 3.3%, while total expenses increased by \$31.0 million or 4.5%.

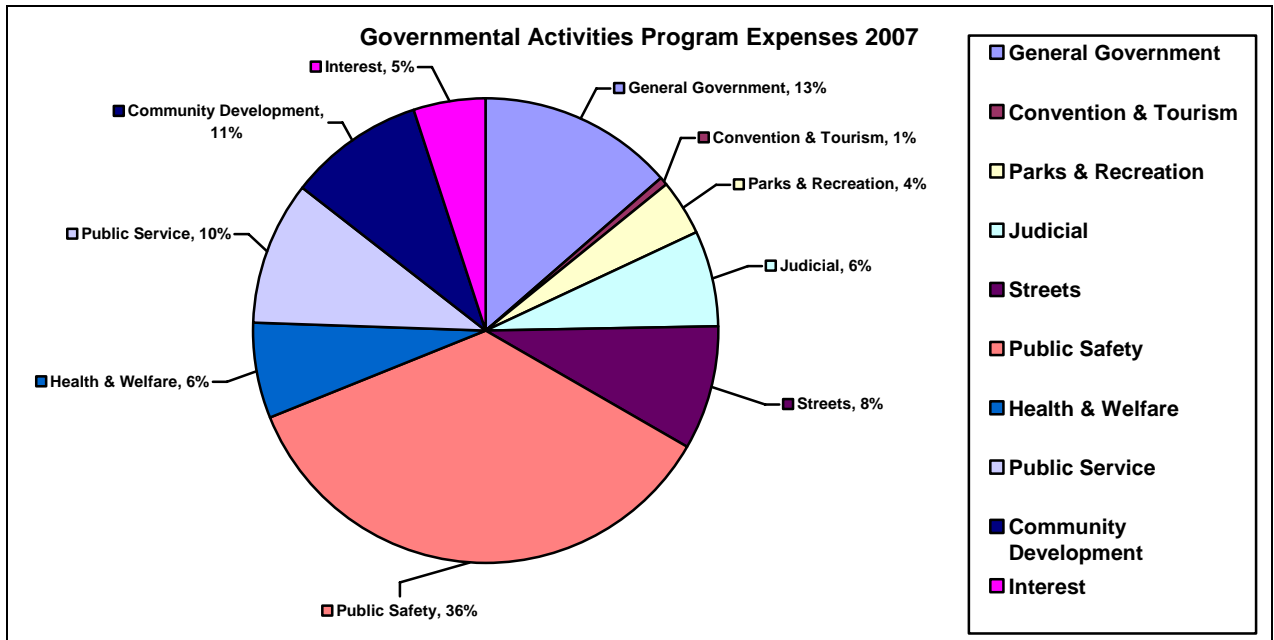
In the General Fund, several revenue sources exceeded final budget estimates. Of the budgeted revenue, taxes had a positive variance of \$4.6 million or 1.4%. This can be attributed to the increase in earnings tax due to a healthy growth in the economy. License and permits had a negative variance of \$1.4 million or 7.3%; pending lawsuits with communication companies caused a decrease in licenses.

Although assessed values for real property have been increasing, the Missouri Constitution requires a rollback of tax rates to prevent a tax revenue windfall to municipal governments.

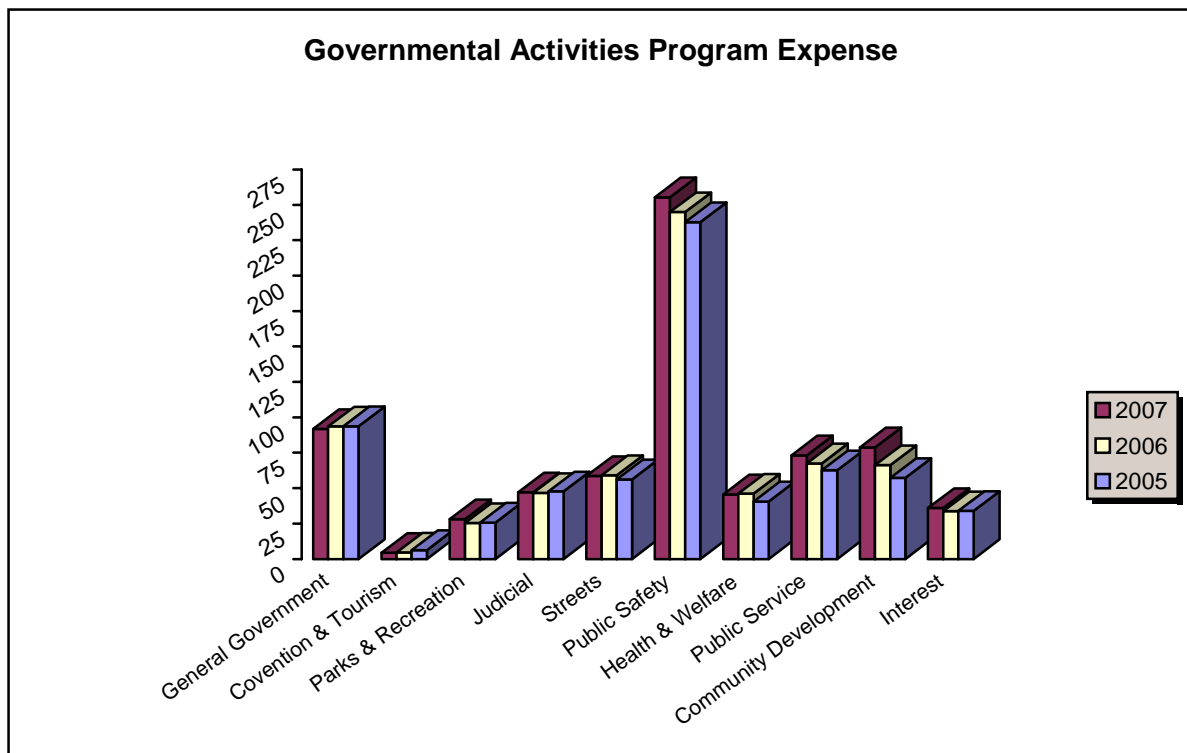
The following chart reflects the revenues by type as a percentage of total revenues for governmental activities for fiscal year 2007.



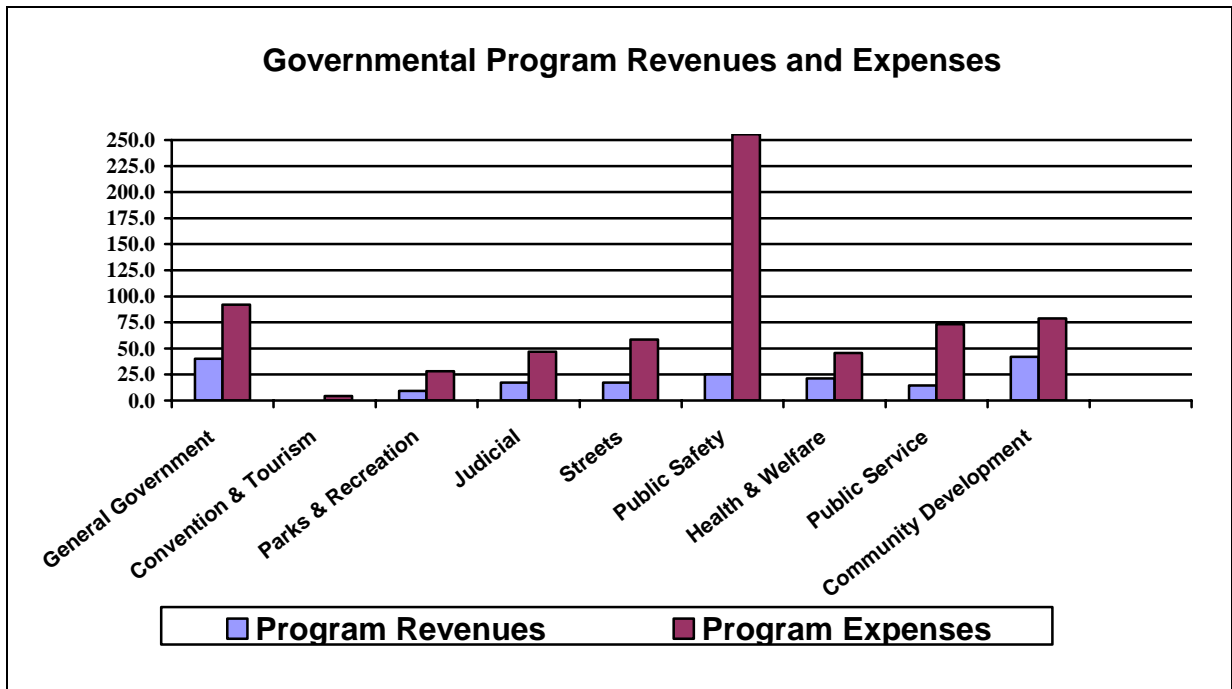
The following chart illustrates the City's governmental activities expenses by program. Total cost of governmental activities was \$718.8 million, an increase of \$31.0 million or 4.5% over the prior year. As shown, public safety is the largest function in expense (36%). The majority of the spending was the result of funding the Police Department \$138.9 million and the Fire Department \$56.5 million.



The following chart is a comparison of expense of governmental activities for fiscal years ended 2007, 2006, and 2005.



The following chart depicts the total expenses and total program revenues of the City's governmental functions. This format identifies the extent to which each governmental function is self-financing through fees, intergovernmental revenue, or general revenues.



The City of St. Louis, Missouri
Governmental Activities
(dollars in millions)

	Total Cost of Services		Net Cost of Services	
	2007	2006	2007	2006
General government	\$ 91.8	93.6	51.7	55.3
Convention and tourism	4.4	4.6	4.3	4.6
Parks and recreation	28.1	25.4	18.9	23.0
Judicial	47.0	46.6	29.9	30.3
Streets	58.6	59.1	41.3	42.8
Public Safety:				
Fire	56.5	54.6	49.0	47.3
Police	138.9	134.6	138.9	134.6
Other	60.0	55.7	35.6	28.8
Health and welfare	45.6	46.1	24.5	23.3
Public service	73.1	67.5	44.5	39.6
Community Development	78.8	66.3	36.8	24.0
Totals	\$ 682.8	654.1	475.4	453.6

The preceding charts represent the cost of governmental activities this year excluding interest and fiscal charges. The cost this year was \$682.8 million compared with \$654.1 million last year. However, as shown in the statement of activities, the amount that our taxpayers ultimately financed for these activities through City taxes was only \$475.4 million. The difference of \$207.4 million comprises charges for services (\$117.1 million), operating grants and contributions (\$76.0 million), and capital grants and contributions (\$14.3 million).

Business-Type activities. Business-type activities reflect a decrease in net assets of \$45.4 million or 3.5%. The reduction in net assets is due primarily to the loss on sale of capital assets at the Airport.

Lambert – St. Louis International Airport. The net assets of the Airport decreased by \$49.9 million or 4.4%. The operating loss was \$9.5 million this year versus an operating income of \$7.9 million in 2006. Total operating revenues for 2007 was \$125.8 million. Of this amount, major sources of operating revenue included aviation revenue (68.4%), concession revenue (17.6%), and lease revenue (2.5%). A form of non-operating revenue is passenger facility charges which accounts for (13.8%) of total revenues.

At June 30, 2007, the capital assets balance was \$1,684.2 million. This amount includes buildings and structures with \$141.2 million, pavings with \$668.4 million, and equipment with \$19.8 million, all net of accumulated depreciation. Land is \$786.4 million and construction in progress is \$68.4 million. During fiscal year 2007, the Airport realized a loss on disposal of capital assets of \$76.2 million.

At June 30, 2007, the Airport had bonded debt of \$843.9 million.

Water Division. The net assets of the Water Division increased by \$1.3 million or 0.9%. Operating income was \$2.8 million this year versus an operating income of \$6.1 million in 2006. Total operating revenues for 2007 was \$44.1 million. Of this amount, major sources of operating revenue included metered revenue (42.7%) and flat rate revenue (39.6%).

At June 30, 2007, the capital assets balance was \$155.9 million. This amount includes buildings and structures (net of accumulated depreciation) with \$19.1 million, reservoirs and water mains with \$89.9 million, equipment with \$36.9 million, land with \$1.2 million, and construction-in-progress with \$8.8 million.

At June 30, 2007, the Water Division had bonded debt of \$29.2 million.

Parking Division. The net assets of the Parking Division increased by \$2.9 million or 13.9%. Operating income was \$4.2 million this year versus an operating income of \$4.3 million in 2006. Total operating revenues for 2007 was \$14.5 million. Of this amount, major sources of operating revenue included parking meter revenue (21.9%), parking violations notices revenue (26.7%), and parking facilities revenue (46.5%).

At June 30, 2007, the capital assets balance was \$65.9 million. This amount includes buildings and parking garages (net of accumulated depreciation) \$42.3 million, parking meters and lot equipment \$2.3 million, and land \$21.3 million.

At June 30, 2007, the Parking Division had bonded debt of \$70.1 million.

The City of St. Louis, Missouri
Balance Sheet
Governmental Funds
June 30, 2007
(dollars in millions)

	2007	2006	2007 vs. 2006 \$ Change	2007 vs. 2006 % Change
Total Assets	\$ 383.4	336.3	47.1	14.0
Total Liabilities	163.1	131.2	31.9	24.3
Fund Balances:				
Reserved:	97.5	106.1	(8.6)	(8.1)
Unreserved:				
General Fund	53.6	57.2	(3.6)	(6.2)
Special Revenue	56.5	49.0	7.5	15.3
Capital Projects	12.7	(7.2)	19.9	276.7
Total fund balances	220.3	205.1	15.2	7.4
Total liabilities and fund balance	\$ 383.4	336.3	47.1	14.0

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

Governmental Funds

The focus of the City's governmental funds is to provide information on inflows, outflows and balances of current financial resources that are available for spending. An unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year, the unreserved fund balance of the general fund was \$53.6 million, while the total general fund balance was \$74.7 million. As of June 30, 2006, the balances were \$57.2 million and \$80.3 million respectively. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures and transfers out. Unreserved fund balance of \$53.6 million represents 12.6% of total general fund expenditures and transfers out of \$426.8 million, while total general fund balance of \$74.7 million represents 17.5% of total general fund expenditures and transfers out. This compares with 13.7% and 19.2%, respectively, in fiscal year 2006.

The total fund balance in the City's general fund decreased by \$5.6 million or 7.0% in the current fiscal year. The City's general fund increased by \$7.5 million or 10.3% in the prior fiscal year. Key factors in the decrease of the general fund balance are primarily due to:

1. Licenses and permits generated \$1.5 million less than original estimates.
2. The funding of debt from the general fund versus being funded from other funds in the previous year.

The capital projects fund ended the fiscal year with a positive unreserved fund balance of \$12.7 million and a total positive fund balance of \$68.4 million, as compared with a negative unreserved fund balance of \$7.2 million and a total positive fund balance of \$60.3 million in fiscal year 2006. Capital project bond proceeds were in place to cover all expenditures in excess of revenues for the capital projects fund.

The grants fund received \$76.0 million in intergovernmental revenues that funded community development in the amount of \$35.5 million, or 46.7%, and health and welfare in the amount of \$21.7 million, or 28.5%.

Proprietary Funds

The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

At the end of the fiscal year, the unrestricted net assets for the Airport was \$23.1 million, the Water Division \$2.5 million, and the Parking Division was \$6.6 million, as compared with \$16.8 million, \$2.4 million, and \$1.4 million, respectively in 2006. The internal service funds that are used to account for certain governmental activities, also had negative unrestricted net assets in the amount of \$1.0 million. Last year the unrestricted net assets were negative \$2.4 million. The total decrease in net assets for the enterprise funds was \$45.5 million in the current year and increase of \$47.2 million the previous year. Factors contributing to the finances of these funds have been addressed earlier in the Management's Discussion and Analysis of the City's business-type activities.

Fiduciary Funds

The City maintains fiduciary funds for the assets of the pension trust funds for the Firemen's Retirement System, the Police Retirement System, and the Employee's Retirement System. As of the end of the current fiscal year, the net assets of the pension funds totaled \$1.7 billion an increase of \$73.8 million from the previous year. The net increase is primarily due to the increase in market value of the pension funds' investment.

The City is the custodian of the agency funds and the most common use of agency funds is for pass-through activity. Since, by definition, all assets of the agency funds are held for the benefit of other entities, there are no net assets to discuss. As of the end of the current fiscal year, the combined gross assets of the agency funds totaled \$63.8 million. This amount comprises activity from the collector of revenue, property tax escrow, general insurance, bail bonds, license collector, and circuit clerk, and other miscellaneous agency activities.

General Fund Budgetary Highlights

The final budget for the City's General Fund represents the original budget plus any previously appropriated funds set aside for the purpose of honoring legally incurred obligations (prior year encumbrances and commitments) plus any additional supplemental appropriations that may occur during the fiscal year. The general fund budget includes appropriations for the police department that is a component unit of the city. This discussion presents the budget information on the budgetary basis as the Board of Alderman approves the budget.

In the fiscal year, \$5.7 million had been set aside for prior year encumbrances and commitments, and there were no supplemental appropriations. The original general fund budget total of \$425.3 million included estimated revenues of \$421.5 million plus an anticipated draw from the general fund balance of \$3.8 million. Actual results for the fiscal year had revenues exceeding original estimates by \$2.9 million, totalling \$424.4 million.

Actual expenditures totaled \$424.2 million. This includes expenditures of \$4.5 million from prior year encumbrances and commitments. The encumbrances and commitments carried over into the next fiscal year in regard to the fiscal year 2007 budget total \$4.9 million. A transfer out of \$4.8 million was made to the Capital Projects Fund per an ordinance mandating half of the prior year operating surplus must be used for capital projects. The General Fund ended the fiscal year with a budget basis surplus of \$3.0 million. As of June 30, 2007, the unreserved fund balance of the General Fund was \$21.5 million on a cash basis.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

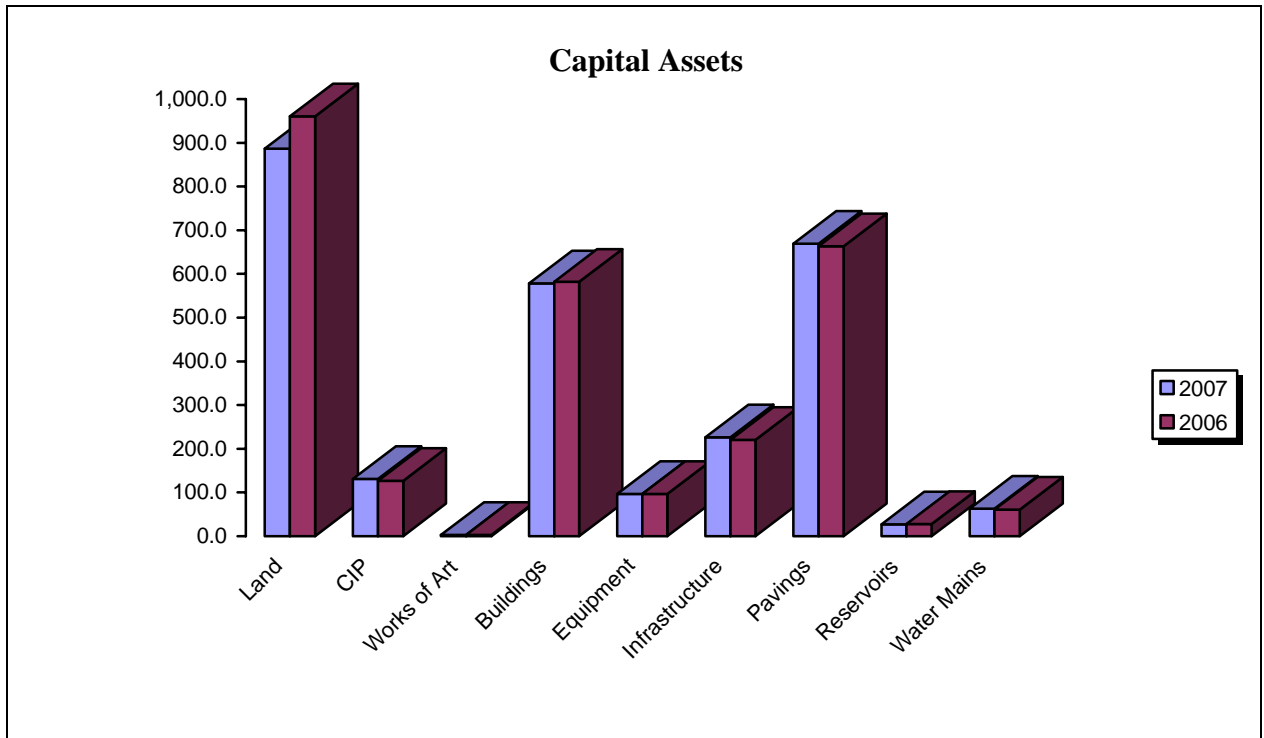
The City had invested \$2.7 billion in a broad range of capital assets, including fire equipment, park facilities, roads, bridges, runways and water systems. This amount represents a net decrease for the current fiscal year (including additions and deductions) of \$60.4 million, or 2.2%, over last year.

The City of St. Louis, Missouri
Schedule of Changes in Capital Assets
Net of Accumulated Depreciation
(dollars in millions)

	Governmental activities		Business-type activities		Total	
	2007	2006	2007	2006	2007	2006
Land	\$ 77.4	77.4	808.9	883.1	886.3	960.5
Construction-in-progress	54.1	58.6	77.2	68.2	131.3	126.8
Works of art	3.2	3.0			3.2	3.0
Buildings and improvements	366.4	363.2	202.6	209.4	569.0	572.6
Equipment	47.5	45.9	59.0	61.1	106.5	107.0
Infrastructure	226.4	220.6			226.4	220.6
Paving			668.4	662.2	668.4	662.2
Reservoirs			27.2	27.9	27.2	27.9
Water mains, line, accessories			62.7	60.8	62.7	60.8
Total	\$ 775.0	768.7	1,906.0	1,972.7	2,681.0	2,741.4

This year's major capital asset changes included:

- \$ 6.0 million additions in Infrastructure in governmental activities
- \$76.3 million decrease in land due to disposal of surplus property in business-type activities



For government-wide financial presentation, all depreciable capital assets were depreciated from acquisition date to the end of the current fiscal year. Governmental fund financial statements record capital asset purchases as expenditures.

For additional information on capital assets, refer to note 7 in the notes to the basic financial statements.

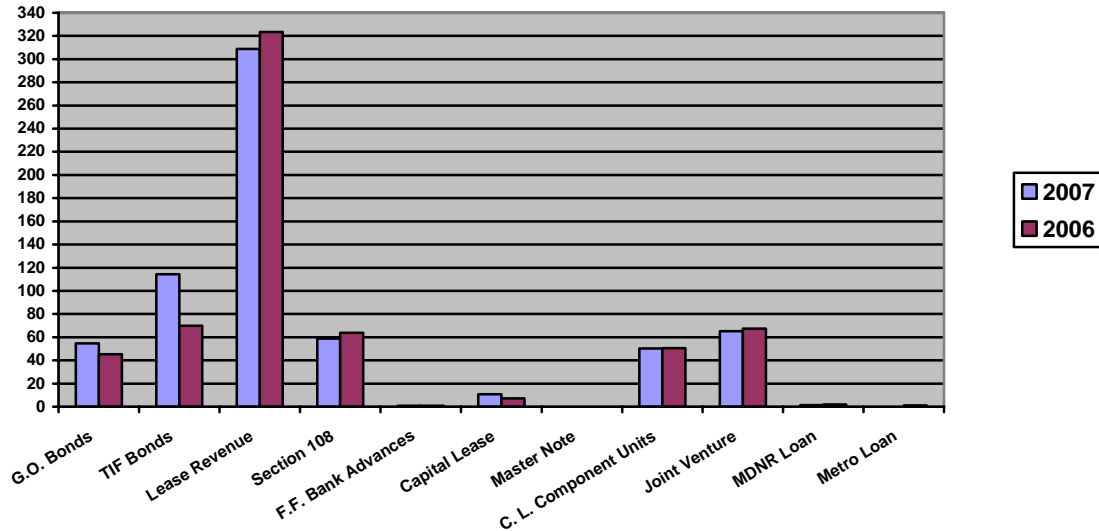
Long-Term Debt

At the end of fiscal year 2007, the City had outstanding long-term debt obligations for governmental activities in the amount of \$665.1 million compared with \$631.0 million in fiscal year 2006. Of this amount, \$54.8 million are general obligation bonds and \$114.2 million are tax increment financing bonds. Lease revenue obligations outstanding totaled \$308.8 million.

The City of St. Louis, Missouri
Outstanding Long-term Debt Obligations-Governmental Activities
(dollars in millions)

	Fiscal Year 2007	Fiscal Year 2006	% Change
General obligation bonds	\$ 54.8	45.2	21.2
Tax increment financing bonds and notes	114.2	69.8	63.6
Leasehold revenue obligations	308.8	323.5	(4.5)
Section 108 loan guarantee assistance programs	58.8	63.7	(7.7)
Federal financing bank advances	0.7	0.7	0.0
Capital lease-rolling stock	10.9	7.2	51.4
Master note purchase agreement	0.1	0.1	0.0
Obligations under capital leases with component units	50.2	50.6	(0.8)
Joint venture financing agreement	65.1	67.3	(3.3)
Missouri Department of Natural Resources (MDNR) direct loan agreement	1.5	1.9	(21.1)
Loan agreement with Metro		1.0	(100.0)
Total	\$ 665.1	631.0	5.4

Outstanding Long-Term Debt Obligations 2007 and 2006



State statutes limit the amount of general obligation debt a governmental entity may issue to 10% of its total assessed valuation. The City's authorized debt limit for calendar year 2007 was \$389.3 million. The City's effective legal debt margin as of June 30, 2007 was \$334.5 million. For additional information on long-term debt, refer to the notes 13 to 16 to the basic financial statements.

The City's underlying general obligation credit ratings remained unchanged for fiscal year 2007. The City ratings on uninsured general obligation bonds as of June 30, 2007 were:

Moody's Investor's Service, Inc.	A3
Standard and Poor's Corporation	A-
Fitch IBCA, Inc. Ratings	A-

The City of St. Louis, Missouri Outstanding Long-Term Debt Obligations-Business Type Activities (dollars in millions)

	Fiscal Year 2007	Fiscal Year 2006	\$ Change	% Change
Airport	\$ 843.9	861.1	(17.2)	(2.0)
Water Division	29.2	31.8	(2.6)	(8.2)
Parking Division	70.1	64.5	5.6	8.7
Total	\$ 943.2	957.4	(14.2)	(1.5)

Outstanding revenue bonds of the business-type activities of the City as of June 30, 2007 and June 30, 2006 were \$943.2 million and \$957.4 million. The amount reflects a decrease of \$14.2 million, or 1.5%. This amount includes Airport bonds of \$843.9 million, Water Division bonds of \$29.2 million, and Parking

Division bonds of \$70.1 million. For additional information on revenue bonds of the business-type activities, refer to note 17 of the basic financial statements.

Economic Factors and Next Year's Budget

- The fiscal year 2008 annual operating budget allocates \$867.7 million among all budgeted funds, an increase of 4.7% incorporating several special fund initiatives relating to:
 - Forest Park and other neighborhood park improvements.
 - Financing for two new recreation centers, improvements to existing centers and additional recreational programming.
 - Public Safety Initiatives related to problem and nuisance property prosecution, career criminal prosecution unit, and additional police officers.
- The fiscal year 2008 general fund budget is \$435.3 million compared with \$425.3 million in the prior year. This amount reflects an increase of \$10 million, or 2.4%. This relates to:
 - Funding most services at existing levels, except in areas with new funding sources.
 - Funds for modest pay increases for employees.
 - Financing of pension costs – effort ongoing to develop comprehensive plan to address future cost of all three pension systems.
- Total positions for 2008 is 7,238, an increase of 2%. The additional 131 positions relate to the Corrections Division and Police Dept. with remaining scattered among other city departments.

Requests for Information

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives.

If you have any questions about this report or need additional information, please contact the Office of the Comptroller of the City of St. Louis, 1200 Market Street, Room 311, Saint Louis, Missouri 63103.





City of St. Louis, Missouri
Statement of Net Assets
June 30, 2007
(dollars in thousands)

	Primary Government			Component Units		
	Governmental Activities	Business-type Activities	Total	SLDC	SLPD	SWMDC
ASSETS						
Cash and cash equivalents	\$ 28,551	15,338	43,889	14,881	1,761	1,443
Investments	88,966	14,573	103,539	—	4,409	710
Receivables, net	151,208	57,965	209,173	8,290	2,796	—
Inventories	—	3,837	3,837	—	1,447	—
Restricted assets	83,806	260,990	344,796	2,146	704	—
Deferred charges	9,428	23,442	32,870	—	31	—
Internal balances	8,644	(8,644)	—	—	—	—
Other assets	57	2,186	2,243	653	1,054	—
Receivable from primary government	—	—	—	3,359	1,551	—
Receivable from component unit	1,512	—	1,512	—	—	—
Property held for development	—	—	—	11,066	—	—
Capital assets, net:						
Non-depreciable	134,652	886,111	1,020,763	4,914	1,646	—
Depreciable	640,294	1,019,868	1,660,162	10,892	30,471	5,137
Total assets	<u>1,147,118</u>	<u>2,275,666</u>	<u>3,422,784</u>	<u>56,201</u>	<u>45,870</u>	<u>7,290</u>
LIABILITIES						
Accounts payable and accrued liabilities	19,736	22,113	41,849	1,207	2,452	—
Accrued salaries and other benefits	4,277	1,691	5,968	—	2,536	—
Accrued interest payable	38,064	20,470	58,534	372	—	—
Unearned revenue	14,429	5,218	19,647	—	315	—
Other liabilities	3,610	—	3,610	—	—	—
Commercial paper payable	—	1,000	1,000	—	—	—
Payable to primary government	—	—	—	—	1,512	—
Payable to component units	4,510	400	4,910	—	—	—
Long-term liabilities:						
Due within one year	72,267	38,621	110,888	5,707	15,046	—
Due in more than one year	729,066	946,265	1,675,331	27,427	62,501	—
Total liabilities	<u>885,959</u>	<u>1,035,778</u>	<u>1,921,737</u>	<u>34,713</u>	<u>84,362</u>	<u>—</u>
NET ASSETS						
Invested in capital assets, net of related debt	410,429	1,072,894	1,483,323	3,341	30,208	5,137
Restricted:						
Debt service	41,246	95,751	136,997	2,146	704	—
Capital projects	29,641	16,244	45,885	—	—	—
Passenger facility charges	—	23,998	23,998	—	—	—
Statutory restrictions	33,011	—	33,011	—	—	—
Unrestricted (deficit)	(253,168)	31,001	(222,167)	16,001	(69,404)	2,153
Total net assets	<u>\$ 261,159</u>	<u>1,239,888</u>	<u>1,501,047</u>	<u>21,488</u>	<u>(38,492)</u>	<u>7,290</u>

See accompanying notes to basic financial statements.

City of St. Louis, Missouri
Statement of Activities
Year ended June 30, 2007
(dollars in thousands)

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			
	Expenses	Charges for Services	Operating Grants and Contributions	Primary Government		Component Units	
				Governmental Activities	Business-type Activities	SLDC	SLPD
Primary Government:							
Governmental activities:							
General government	\$ 91,822	39,757	376	(51,689)	—	—	—
Convention and tourism	4,352	16	—	(4,336)	—	—	—
Parks and recreation	28,130	9,126	126	(18,878)	—	—	—
Judicial	46,990	14,855	2,203	(29,932)	—	—	—
Streets	58,606	17,184	154	(41,268)	—	—	—
Public safety:							
Fire	56,405	7,416	—	(48,989)	—	—	—
Police— Payment to SLPD	138,871	—	—	(138,871)	—	—	—
Other	59,984	22,797	1,570	(35,617)	—	—	—
Health and welfare	45,630	418	20,714	(24,498)	—	—	—
Public service	73,145	5,530	14,232	(44,486)	—	—	—
Community development	78,788	—	41,954	(36,834)	—	—	—
Interest and fiscal charges	36,024	—	—	(36,024)	—	—	—
Total governmental activities	718,747	117,099	75,994	(511,422)	—	—	—
Business-type activities:							
Airport	178,110	155,295	2,643	—	23,587	—	—
Water Division	42,395	44,130	—	—	2,609	—	—
Parking Division	12,423	14,155	—	—	1,732	—	—
Total business-type activities	232,928	213,580	2,643	—	27,928	—	—
Total primary government	\$ 951,675	\$ 330,679	\$ 78,637	(511,422)	27,928	—	—
Component Units:							
SLDC	\$ 19,744	9,561	10,826	—	—	643	—
SLPD	157,663	2,142	7,675	—	—	—	(144,369)
SWMDC	274	348	—	—	—	—	—
Total component units	\$ 19,745	12,051	18,501	—	—	643	(144,369)
General revenues:							
Taxes:							
Property taxes, levied for general purpose				\$ 62,333	—	—	—
Property taxes, levied for debt service				6,197	—	—	—
Sales taxes				127,664	—	—	—
Earnings/payroll taxes				169,822	—	—	—
Gross receipts taxes (includes franchise tax)				75,378	—	—	—
Miscellaneous taxes				6,237	—	—	—
Unrestricted investment earnings				12,094	12,522	603	301
Support provided by City of St. Louis, Missouri				—	—	—	138,871
On-behalf payment for pension contribution from the City of St. Louis, Missouri				—	—	—	8,093
Gain/loss on sale of capital assets				(324)	(78,105)	—	(59)
Transfers				7,885	(7,885)	—	—
Total general revenues and transfers				467,286	(73,468)	603	147,206
Change in net assets				(44,136)	(45,540)	1,246	2,837
Net assets—beginning of year				305,295	1,285,428	20,242	(41,329)
Net assets—end of year				\$ 261,159	\$ 1,239,888	\$ 21,488	\$ (38,492)

See accompanying notes to basic financial statements.

City of St. Louis, Missouri
Balance Sheet
Governmental Funds
June 30, 2007
(dollars in thousands)

	Major Funds			Nonmajor Funds	
	General Fund	Capital projects Fund	Grants Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents:					
Restricted	\$ 6,541	10,632	—	6,361	23,534
Unrestricted	2,151	51	—	26,288	28,490
Investments:					
Restricted	14,701	43,422	—	2,149	60,272
Unrestricted	28,387	21,272	6,213	33,094	88,966
Receivables, net of allowances					
Taxes	90,073	2,950	—	28,690	121,713
Licenses and permits	2,629	—	—	240	2,869
Intergovernmental	3,972	2,180	15,525	1,650	23,327
Charges for services	252	—	—	2,181	2,433
Notes and loans	—	—	—	79	79
Other	187	—	6	594	787
Due from component units	1,512	—	—	—	1,512
Due from other funds	22,396	—	—	7,023	29,419
Total assets	<u>\$ 172,801</u>	<u>80,507</u>	<u>21,744</u>	<u>108,349</u>	<u>383,401</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable and accrued liabilities	\$ 5,361	5,533	6,827	1,754	19,475
Accrued salaries and other benefits	3,343	280	261	393	4,277
Due to component units	1,551	—	—	2,959	4,510
Due to other funds	1,272	6,292	14,718	2,919	25,201
Advance from other funds	12,121	—	—	—	12,121
Deferred revenue	72,019	9	—	21,841	93,869
Other liabilities	2,406	—	—	1,204	3,610
Total liabilities	<u>98,073</u>	<u>12,114</u>	<u>21,806</u>	<u>31,070</u>	<u>163,063</u>
Fund balances:					
Reserved:					
Encumbrances	2,048	26,027	—	4,936	33,011
Debt service	19,031	1	—	15,773	34,805
Capital projects	—	29,641	—	—	29,641
Unreserved, reported in:					
General fund	53,649	—	—	—	53,649
Special revenue funds	—	—	(62)	56,570	56,508
Capital projects fund	—	12,724	—	—	12,724
Total fund balances	<u>74,728</u>	<u>68,393</u>	<u>(62)</u>	<u>77,279</u>	<u>220,338</u>
Total liabilities and fund balances	<u>\$ 172,801</u>	<u>80,507</u>	<u>21,744</u>	<u>108,349</u>	<u>383,401</u>

See accompanying notes to basic financial statements.

City of St. Louis, Missouri
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Assets
June 30, 2007
(dollars in thousands)

Total fund balances—governmental funds—balance sheet	\$	220,338
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Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities (excluding internal service fund capital assets) are not financial resources and, therefore, are not reported in the fund financial statements.		774,901
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Various taxes related to fiscal year 2007 will be collected beyond the 60-day period used to record revenue in the fund financial statements. Revenue for this amount is recognized in the government-wide financial statements.		12,772
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Property taxes are assessed by the City on January 1st of each calendar year, but are not due until December 31st. Taxes assessed on January 1, 2007 and payable on December 31, 2007 are deferred within the fund financial statements. However, revenue for this amount is recognized in the government-wide financial statements.		66,668
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Internal service funds are used by management to charge the cost of risk management and mailroom services to the individual funds, generally on a cost reimbursement basis. The assets and liabilities of internal service funds are included in governmental activities in the statement of net assets, net of amounts due from enterprise funds.		105
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Bond issuance costs are reported in the governmental funds financial statements as expenditures when debt is issued, whereas the amounts are deferred and amortized over the life of the debt on the government-wide financial statements.		9,428
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Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period and, accordingly, are not reported as liabilities within the fund financial statements. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities—both current and long-term—are reported on the government-wide statement of net assets. Also, during the year, the City issued new debt and refunded some of its existing debt. Discounts, premiums, bond issuance costs, and deferred amounts on refunding are reported in the governmental fund financial statements when the debt was issued, whereas these amounts are deferred and amortized over the life of the debt on the government-wide financial statements.

Balances as of June 30, 2007 are:

Accrued compensated absences		(27,489)
Firemen's overtime related to Proposition B		(1,148)
Net pension obligation		(92,300)
Accrued interest payable on bonds		(38,064)
Landfill closure liability		(120)
Capital lease		(61,050)
Bonds and notes payable		(604,035)
Unamortized discounts		1,133
Unamortized premiums		(15,323)
Unamortized deferred amounts on refunding		15,343

Total net assets—governmental activities—statement of net assets	\$	261,159
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See accompanying notes to basic financial statements.

City of St. Louis, Missouri
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Year ended June 30, 2007
(dollars in thousands)

	Major Funds			Nonmajor Funds	
	General Fund	Capital Projects Fund	Grants Fund	Other Governmental Funds	Total Governmental Funds
REVENUES					
Taxes	\$ 321,610	19,286	—	98,540	439,436
Licenses and permits	18,384	—	—	6,011	24,395
Intergovernmental	23,359	14,862	75,994	8,904	123,119
Charges for services, net	17,588	408	—	11,971	29,967
Court fines and forfeitures	8,273	—	—	161	8,434
Investment income	5,965	3,077	7	3,045	12,094
Interfund services provided	3,719	—	—	—	3,719
Miscellaneous	2,512	413	—	11,378	14,303
Total revenues	401,410	38,046	76,001	140,010	655,467
EXPENDITURES					
Current:					
General government	36,992	17	364	15,693	53,066
Convention and tourism	154	—	—	—	154
Parks and recreation	19,167	4,169	122	1,671	25,129
Judicial	41,806	—	2,134	2,693	46,633
Streets	27,070	6,578	149	1,523	35,320
Public Safety:					
Fire	53,506	—	4	37	53,547
Police	132,392	1,289	—	5,190	138,871
Other	48,452	—	1,517	9,284	59,253
Health and welfare	2,663	—	21,697	20,707	45,067
Public services	23,259	4,165	8,312	37,255	72,991
Community development	—	—	35,499	43,852	79,351
Capital outlay	—	34,590	2,101	6,900	43,591
Debt service:					
Principal	16,208	12,500	3,005	7,295	39,008
Interest and fiscal charges	10,396	8,940	1,097	9,432	29,865
Total expenditures	412,065	72,248	76,001	161,532	721,846
Deficiency of revenues over expenditures	(10,655)	(34,202)	—	(21,522)	(66,379)
OTHER FINANCING SOURCES (USES)					
Sale of capital assets	—	175	—	—	175
Issuance of leasehold revenue bonds	23,165	560	—	—	23,725
Premium on debt issuances	—	4,178	—	—	4,178
Bond discount on debt issuances	(321)	(106)	—	(40)	(467)
Issuance of capital lease	—	6,014	—	4,000	10,014
Issuance of tax increment revenue notes	—	—	—	55,158	55,158
Issuance of general obligation bonds	—	13,000	—	—	13,000
Issuance of joint venture financing agreement	—	49,585	—	—	49,585
Payment to refunded escrow agent-joint venture	—	(51,316)	—	—	(51,316)
Payment to refunded escrow agent-leasehold revenue bonds	(22,830)	—	—	—	(22,830)
Advance refunding on TIF bonds and notes payable	—	—	—	(7,500)	(7,500)
Transfers in	19,768	20,295	—	1,550	41,613
Transfers out	(14,693)	(80)	—	(18,955)	(33,728)
Total other financing sources (uses), net	5,089	42,305	—	34,213	81,607
Net change in fund balances	(5,566)	8,103	—	12,691	15,228
Fund balances:					
Beginning of year	80,294	60,290	(62)	64,588	205,110
End of year	\$ 74,728	68,393	(62)	77,279	220,338

See accompanying notes to basic financial statements.

City of St Louis, Missouri
Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
Year ended June 30, 2007
(dollars in thousands)

Net change in fund balances—governmental funds—statement of revenues, expenditures, and changes in fund balances	\$	15,228
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets, meeting the capitalization threshold, is allocated over their estimated useful lives and recorded as depreciation expense. Additionally, contributions of capital assets to the City are recorded as capital contributions on the statement of activities. This is the amount by which capital outlays and capital contributions, meeting the capitalization threshold, exceeded depreciation expense in the current year.		
		6,317
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the fund financial statements. These amounts represent the extent to which revenues not providing current financial resources in the current fiscal year exceeded revenues not providing current financial resources in the prior fiscal year (which are recognized in the fund financial statements in the current year). Such amounts are attributable to the following factors:		
Revenues received after the 60-day accrual period	735	
Property taxes due in the fiscal year following the fiscal year in which they were assessed	<u>7,743</u>	
		8,478
Internal service funds are used by management to charge the cost of risk management and mailroom services to the individual funds. The net income of internal service funds attributable to governmental activities is reported on the statement of activities.		
		1,204
The City reports a net pension obligation on the statement of net assets to the extent actual contributions to the City's retirement plans fall below the annual required contribution. This obligation is not reported in the fund financial statements. Fluctuations in net pension obligations are reported in the statement of activities.		
		(32,579)
Bond proceeds are reported as financing sources in governmental funds financial statements and thus contribute to the net change in fund balance. In the statement of net assets, however, issuing debt increases long-term liabilities and does not affect the statement of activities. Similarly, repayments of principal is an expenditure in the governmental funds financial statements, but reduces the liability in the statement of net assets.		
Debt issued during the current year:		
Series 2006A Carnahan Leasehold Revenue Refunding Bonds	(23,725)	
Series 2006 General Obligation Bonds	(13,000)	
Series 2007C Convention & Sport Complex Bonds-Joint Venture financing agreement	(49,585)	
Series 2007 Abrahms Building Capital Lease	(4,000)	
Capital Lease-Rolling Stock	(6,014)	
Tax increment financing notes payable	(46,424)	
Tax increment financing bonds payable-Southtown	(8,734)	
Repayments during the current year:		
Advance refunding of Series 2002A Carnahan Leasehold Revenue Bonds	21,750	
Advance refunding of Series 1997 Convention & Sports Complex Bonds-Joint Venture	48,531	
Advance refunding of tax increment financing bonds and notes payable-Southtown	7,500	
Loan agreement with Metro	1,000	
Release of Robert E. Lee TIF note	600	
Annual principal payments on bonds and notes payable	35,243	
Annual principal payments on capital leases	<u>2,765</u>	
		(34,093)
Under the modified accrual basis of accounting used in the governmental funds financial statements, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the statement of activities, however, which is presented on the accrual basis of accounting, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is not recognized under the modified accrual basis of accounting until due, rather than as it accrues.		
This adjustment combines the net changes of the following:		
Accrued compensated absences	(1,646)	
Firemen's overtime related to Proposition B	(1,148)	
Accrued interest payable on bonds	(7,853)	
Landfill closure liability	108	
Discounts on debt issuances, net of amortization	394	
Premiums on debt issuances, net of amortization	(2,464)	
Deferred bond issuance costs, net of amortization	1,681	
Deferred advanced refunding differences on debt issuances, net of amortization	<u>2,237</u>	
		(8,691)
Change in net assets—governmental activities—statement of activities	\$	<u>(44,136)</u>
See accompanying notes to basic financial statements.		

City of St. Louis, Missouri
Statement of Fund Net Assets
Proprietary Funds
June 30, 2007
(dollars in thousands)

	Major Funds—Enterprise Funds				
	Lambert— St. Louis International Airport	Water Division	Parking Division	Total Enterprise Funds	Internal Service Funds
ASSETS					
Current assets:					
Cash and cash equivalents:					
Restricted cash and cash equivalents	\$ 70,731	3,626	10,252	84,609	—
Unrestricted cash and cash equivalents	7,762	1,699	5,877	15,338	61
Investments – unrestricted	—	8,538	6,035	14,573	—
Receivables, net of allowances:					
Intergovernmental	29,859	—	—	29,859	—
Charges for services	16,168	5,804	130	22,102	—
Passenger facility charges	5,365	—	—	5,365	—
Accrued interest	508	131	—	639	—
Prepaid assets	—	—	—	—	57
Due from other funds	—	—	—	—	3,933
Advance to other funds	—	—	—	—	12,121
Inventories	2,060	1,777	—	3,837	—
Other current assets	2,166	—	20	2,186	—
Total current assets	134,619	21,575	22,314	178,508	16,172
Noncurrent assets:					
Investments – restricted	161,934	10,503	3,944	176,381	—
Capital assets:					
Property, plant, and equipment	1,352,469	259,668	59,457	1,671,594	117
Less accumulated depreciation	(523,170)	(113,767)	(14,789)	(651,726)	(72)
	829,299	145,901	44,668	1,019,868	45
Land	786,414	1,238	21,260	808,912	—
Construction-in-progress	68,431	8,768	—	77,199	—
Capital assets, net	1,684,144	155,907	65,928	1,905,979	45
Deferred charges and other assets	21,693	376	1,373	23,442	—
Total noncurrent assets	1,867,771	166,786	71,245	2,105,802	45
Total assets	2,002,390	188,361	93,559	2,284,310	16,217
LIABILITIES					
Current liabilities:					
Accounts payable and accrued liabilities	5,741	2,415	99	8,255	261
Accrued salaries and other benefits	1,229	356	106	1,691	—
Accrued vacation, compensatory, and sick time benefits	5,661	3,374	171	9,206	—
Contracts and retainage payable	13,858	—	—	13,858	—
Accrued interest payable	19,694	646	130	20,470	—
Current portion of revenue bonds	25,090	2,850	1,475	29,415	—
Commercial paper payable	1,000	—	—	1,000	—
Due to other funds	3,770	2,332	1,422	7,524	627
Due to component unit	—	—	400	400	—
Claims payable	—	—	—	—	16,344
Deferred revenue	1,742	1,447	2,029	5,218	—
Total current liabilities	77,785	13,420	5,832	97,037	17,232
Noncurrent liabilities:					
Revenue bonds payable, net	840,656	25,441	62,419	928,516	—
Deposits held for others	—	2,388	—	2,388	—
Other liabilities	8,619	5,187	1,555	15,361	—
Total noncurrent liabilities	849,275	33,016	63,974	946,265	—
Total liabilities	927,060	46,436	69,806	1,043,302	17,232
NET ASSETS					
Invested in capital assets, net of related debt	937,613	127,788	7,493	1,072,894	45
Restricted:					
Debt service	81,689	4,366	9,696	95,751	—
Capital projects	8,943	7,301	—	16,244	—
Passenger facility charges	23,998	—	—	23,998	—
Unrestricted (deficit)	23,087	2,470	6,564	32,121	(1,060)
Total net assets	\$ 1,075,330	141,925	23,753	1,241,008	(1,015)
Amounts reported for business-type activities in the government-wide statement of net assets are different because:					
Certain internal service fund activities are included within business-type activities				(1,120)	
Net assets of business-type activities—government-wide statement of net assets				\$ 1,239,888	
See accompanying notes to basic financial statements.					

City of St. Louis, Missouri
Statement of Revenues, Expenses, and
Changes in Fund Net Assets
Proprietary Funds
Year ended June 30, 2007
(dollars in thousands)

	Major Funds—Enterprise Funds				
	Lambert— St. Louis International Airport	Water Division	Parking Division	Total Enterprise Funds	Internal Service Funds
OPERATING REVENUES					
Aviation revenues	\$ 86,049	—	—	86,049	—
Concessions	22,194	—	—	22,194	—
Water sales	—	40,990	—	40,990	—
Lease revenue	3,141	—	—	3,141	—
Parking	14,381	—	14,515	28,896	—
Charges for services	—	—	—	—	18,027
Miscellaneous	—	3,140	—	3,140	—
Total operating revenues	125,765	44,130	14,515	184,410	18,027
OPERATING EXPENSES					
Claims incurred	—	—	—	—	13,245
Premiums	—	—	—	—	2,957
Personal services	41,105	15,529	5,820	62,454	233
Material and supplies	6,246	9,320	230	15,796	218
Purchased power	—	2,499	—	2,499	—
Contractual services	40,038	5,108	1,139	46,285	—
Miscellaneous	—	2,343	773	3,116	—
Depreciation and amortization	46,276	4,561	2,253	53,090	13
Interfund services used	1,634	2,017	68	3,719	—
Total operating expenses	135,299	41,377	10,283	186,959	16,666
Operating income (loss)	(9,534)	2,753	4,232	(2,549)	1,361
NONOPERATING REVENUES (EXPENSES)					
Intergovernmental revenue	2,643	—	—	2,643	—
Investment income	10,168	1,126	1,228	12,522	—
Interest expense	(41,023)	(1,469)	(2,147)	(44,639)	—
Passenger facility charges	29,175	—	—	29,175	—
Amortization of bond issue costs	(1,865)	(45)	—	(1,910)	—
Loss on disposal of capital assets	(76,209)	(13)	(108)	(76,330)	(18)
Impairment of capital assets	(1,775)	—	—	(1,775)	—
Miscellaneous, net	355	441	(360)	436	—
Total nonoperating revenues (expenses), net	(78,531)	40	(1,387)	(79,878)	(18)
Income (loss) before transfers and capital contributions	(88,065)	2,793	2,845	(82,427)	1,343
Transfers in	—	235	1,058	1,293	—
Transfers out	(5,553)	(2,625)	(1,000)	(9,178)	—
Capital contributions	43,759	874	—	44,633	—
Change in net assets	(49,859)	1,277	2,903	(45,679)	1,343
Total net assets—beginning of year	1,125,189	140,648	20,850		(2,358)
Total net assets—end of year	\$ 1,075,330	141,925	23,753		(1,015)

Change in net assets reported for business-type activities in the government-wide statement of activities are different because:

Certain internal service fund activities are included within business-type activities	139
Change in net assets of business-type activities—government-wide statement of activities	\$ (45,540)

See accompanying notes to basic financial statements.

City of St. Louis, Missouri
Statement of Cash Flows
Proprietary Funds
Year ended June 30, 2007
(dollars in thousands)

	Major Funds—Enterprise Funds				
	Lambert— St. Louis International Airport	Water Division	Parking Division	Total Enterprise Funds	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers and users	\$ 117,577	44,238	14,223	176,038	18,611
Other operating cash receipts	—	—	290	290	—
Payments to suppliers of goods and services	(43,919)	(17,127)	(2,818)	(63,864)	(18,957)
Payments to employees	(37,803)	(14,535)	(5,576)	(57,914)	(236)
Payments for interfund services used	(2,373)	(3,090)	—	(5,463)	—
Net cash provided by (used in) operating activities	<u>33,482</u>	<u>9,486</u>	<u>6,119</u>	<u>49,087</u>	<u>(582)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers from other funds	—	235	1,058	1,293	—
Transfers to other funds	(5,553)	(2,638)	(575)	(8,766)	—
Net cash provided by (used in) noncapital financing activities	<u>(5,553)</u>	<u>(2,403)</u>	<u>483</u>	<u>(7,473)</u>	<u>—</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Cash collections from passenger facility charges	28,057	—	—	28,057	—
Receipts from federal financing assistance	31,433	—	—	31,433	—
Acquisition and construction of capital assets	(73,907)	(5,981)	(1,842)	(81,730)	—
Insurance recoveries	3,626	—	—	3,626	—
Proceeds from sale of surplus property	10,725	—	—	10,725	(7)
Proceeds from issuance of revenue bonds	—	—	58,581	58,581	—
Proceeds from issuance of refunding bonds	358,132	—	—	358,132	—
Proceeds from issuance of commercial paper	7,000	—	—	7,000	—
Principal paid on commercial paper	(7,000)	—	—	(7,000)	—
Cash paid for bond issuance costs	(5,123)	—	(376)	(5,499)	—
Principal paid on revenue bond maturities	(13,960)	(2,645)	(257)	(16,862)	—
Cash paid for bond refunding	(353,042)	—	(55,197)	(408,239)	—
Cash paid for interest	(44,667)	(1,309)	(2,308)	(48,284)	—
Other capital and financing activities	—	480	(360)	120	—
Net cash used in capital and related financing activities	<u>(58,726)</u>	<u>(9,455)</u>	<u>(1,759)</u>	<u>(69,940)</u>	<u>(7)</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of investments	(1,371,658)	(121,949)	(41,110)	(1,534,717)	—
Proceeds from sales and maturities of investments	1,402,826	122,958	40,770	1,566,554	—
Investment income	10,629	1,058	1,093	12,780	—
Net cash provided by investing activities	<u>41,797</u>	<u>2,067</u>	<u>753</u>	<u>44,617</u>	<u>—</u>
Net increase (decrease) in cash and cash equivalents	<u>11,000</u>	<u>(305)</u>	<u>5,596</u>	<u>16,291</u>	<u>(589)</u>
Cash and cash equivalents:					
Beginning of year:					
Unrestricted	5,945	2,085	3,343	11,373	650
Restricted	61,548	3,545	7,190	72,283	—
	<u>67,493</u>	<u>5,630</u>	<u>10,533</u>	<u>83,656</u>	<u>650</u>
End of year:					
Unrestricted	7,762	1,699	5,877	15,338	61
Restricted	70,731	3,626	10,252	84,609	—
	<u>\$ 78,493</u>	<u>5,325</u>	<u>16,129</u>	<u>99,947</u>	<u>61</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:					
Operating income	\$ (9,534)	2,753	4,232	(2,549)	1,361
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation and amortization	46,276	4,561	2,253	53,090	13
Changes in assets and liabilities:					
Receivables, net	(6,727)	230	41	(6,456)	—
Inventories	(247)	330	—	83	—
Other assets, net	(70)	—	20	(50)	(27)
Accounts payable and accrued liabilities	2,367	482	(89)	2,760	(166)
Accrued salaries and other benefits	690	166	(22)	834	—
Claims payable	—	—	—	—	228
Deferred revenue	(532)	33	(42)	(541)	—
Due to/from other funds	534	(380)	(539)	(385)	(1,667)
Advance to other funds	—	—	—	—	579
Deposits held for others	—	484	—	484	—
Other long term liabilities	725	827	265	1,817	(903)
Total adjustments	<u>43,016</u>	<u>6,733</u>	<u>1,887</u>	<u>51,636</u>	<u>(1,943)</u>
Net cash provided by (used in) operating activities	<u>\$ 33,482</u>	<u>9,486</u>	<u>6,119</u>	<u>49,087</u>	<u>(582)</u>
Supplemental disclosure for noncash activities for Lambert – St. Louis International Airport:					
Impairment of capital assets	\$ (1,775)				
Loss on disposal of surplus property	(76,209)				

See accompanying notes to basic financial statements.

City of St. Louis, Missouri
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2007
(dollars in thousands)

	Pension Trust Funds	Agency Funds
ASSETS		
Cash and cash equivalents—unrestricted	\$ 9,466	25,800
Investments—unrestricted	—	10,929
Pension trust investments—unrestricted:		
U. S. government securities	134,970	—
Corporate bonds	85,299	—
Domestic bond funds	45,060	—
Stocks	699,906	—
Foreign government obligations	17,556	—
Mortgage-backed securities	109,310	—
Collective investment funds	332,136	—
Real estate group annuity and equities	103,112	—
Investment property	1,893	—
Money market mutual funds and other short-term investments	28,691	—
Managed international equity funds	139,835	—
Total investments	<u>1,697,768</u>	<u>—</u>
Securities lending collateral	85,849	—
Receivables, net of allowances:		
Taxes	—	26,254
Contributions	4,447	—
Accrued interest	3,911	—
Other	33,765	861
Capital assets	435	—
Total assets	<u>1,835,641</u>	<u>63,844</u>
LIABILITIES		
Accounts payable and accrued liabilities	1,930	891
Deposits held for others	1,130	29,977
Due to other governmental agencies	—	32,976
Securities lending collateral liability	85,849	—
Other liabilities	39,506	—
Total liabilities	<u>128,415</u>	<u>63,844</u>
NET ASSETS		
Net assets held in trust for pension benefits	<u>\$ 1,707,226</u>	<u>—</u>

See accompanying notes to basic financial statements.

City of St. Louis, Missouri
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
Year ended June 30, 2007
(dollars in thousands)

	<u>Pension Trust Funds</u>
ADDITIONS	
Contributions:	
Members	\$ 7,194
Employers	27,959
Investment income:	
Interest and dividends	30,896
Net appreciation in fair value of investments	128,222
	<u>159,118</u>
Less investment expense	<u>(7,280)</u>
Net investment income	<u>151,838</u>
Total additions	<u>186,991</u>
DEDUCTIONS	
Benefits	103,587
Refunds of contributions	7,104
Administrative expense	2,454
Total deductions	<u>113,145</u>
Net increase	<u>73,846</u>
Net assets held in trust for pension benefits:	
Beginning of year	1,633,380
End of year	\$ <u><u>1,707,226</u></u>

See accompanying notes to basic financial statements.

City of St. Louis, Missouri
Notes to Basic Financial Statements, Continued
June 30, 2007
(dollars in thousands)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of St. Louis, Missouri (the City) is a constitutional charter City not a part of any county, which is organized and exists under and pursuant to the constitution and laws of the State of Missouri (the State). The City's current form of government is provided for in its charter, which first became effective in 1914 and has been subsequently amended by City voters. The City provides a wide range of municipal services as follows: fire and other public safety; parks and recreation; forestry; health, welfare, and other social services; street maintenance; refuse collection; public services; community and economic development; convention and tourism; and general administrative services. The City also owns and operates a water utility, parking facilities, and an international airport as self-supporting enterprises.

The accounting policies and financial reporting practices of the City conform to U.S. generally accepted accounting principles applicable to governmental entities. The following is a summary of the more significant policies:

a. Reporting Entity

The City's financial reporting entity has been determined in accordance with governmental standards for defining the reporting entity and identifying entities to be included in its basic financial statements. The City's financial reporting entity consists of the City of St. Louis (the primary government) and its component units.

1) Blended Component Units

The component units discussed below are included in the City's reporting entity due to the significance of their operational or financial relationships with the City.

Public Facilities Protection Corporation (PFPC)

The PFPC is an internal service fund governed by a five-member board of persons in designated City positions. The PFPC is reported as if it were part of the primary government because its sole purpose is to provide the City with a defined and funded self-insurance program for claims, judgments, and other related legal matters including workers' compensation.

St. Louis Municipal Finance Corporation (SLMFC)

The SLMFC, established in 1991, is governed by a five-member board, consisting of persons in designated City positions. The SLMFC is reported as if it were part of the primary government because its sole purpose is to lessen the burden on the City by financing, acquiring, leasing, or subleasing real property, and improvement thereon, and personal property to the City.

St. Louis Parking Commission Finance Corporation (SLPCFC)

The SLPCFC, established in 2003, is governed by a five-member board as appointed by the Parking Commission. The SLPCFC finances the purchase of and owns, leases and sells certain real property on behalf of the Parking Commission. SLPCFC is considered to be a component unit of the City because the Parking Division of the City of St. Louis (the Parking Division) is financially accountable for SLPCFC, as it appoints all of SLPCFC's directors and is able to

City of St. Louis, Missouri
Notes to Basic Financial Statements, Continued
June 30, 2007
(dollars in thousands)

impose its will on SLPCFC. The SLPCFC provides services entirely to the Parking Division and is reported as if it were part of the Parking Division because its sole purpose is to lessen the burden on the Parking Division by coordinating real property transactions.

2) Discretely Presented Component Units

The component unit columns in the statement of net assets and statement of activities include the financial data of the City's three discretely presented component units. These are reported individually to emphasize that they are legally separate from the City.

St. Louis Development Corporation (SLDC)

The SLDC was organized in 1988 to improve the efficiency and effectiveness of the economic development activity of the City. SLDC combined the administrative staffs of six independent development agencies for the purpose of coordinating administrative services for all six agencies. The agencies that are considered component units of SLDC are the Land Reutilization Authority, the Land Clearance for Redevelopment Authority (LCRA), the St. Louis Industrial Development Authority, the Planned Industrial Expansion Authority, the Local Development Company, and the St. Louis Port Authority. SLDC is included as a component unit of the City because the City is financially accountable for SLDC, as SLDC is fiscally dependent upon the City. SLDC is considered to be fiscally dependent on the City because SLDC may not legally issue bonded debt or implement a budget for its redevelopment activities until the City's Board of Alderman has approved the redevelopment project and declared the redevelopment area blighted.

The Metropolitan Police Department of the City of St. Louis, Missouri (SLPD)

The SLPD, established by state statute, is administered by a five-member board of commissioners, the mayor, and four members appointed by the governor. The City is obligated to provide a minimum level of funding for the operations of the SLPD. SLPD's operating budget is prepared and submitted to the City for approval. SLPD has no authority to levy a tax or issue debt in its name, and therefore, is fiscally dependent on the City for substantially all of its funding.

Solid Waste Management and Development Corporation (SWMDC)

The SWMDC owns a system of underground pressurized steam transport pipe in the downtown St. Louis area commonly known as the "steam loop." The steam loop is leased on a long-term basis to a steam-generating private entity unrelated to the City. The steam loop serves City Hall and other municipal buildings, and is the only non-private source of steam in downtown St. Louis. The City appoints a voting majority of SWMDC's board of directors. The board of directors consists of representatives of the president of the Board of Public Service (Chairperson), deputy mayor/chief of staff, and director of the Street Department. Separate financial statements are not prepared for SWMDC. SWMDC is directed by employees of the City, and therefore, the City is able to impose its will on SWMDC.

City of St. Louis, Missouri
Notes to Basic Financial Statements, Continued
June 30, 2007
(dollars in thousands)

Complete financial statements of the discretely presented component units other than SWMDC may be obtained from their administrative offices as follows:

St. Louis Development Corporation
1015 Locust Street
St. Louis, Missouri 63101

The Metropolitan Police Department of the City
of St. Louis, Missouri
1200 Clark Avenue
St. Louis, Missouri 63103

3) Related Organizations

The City's officials are also responsible for appointing the voting majority of board members for other organizations, but the City's accountability for these organizations does not extend beyond making the appointments. Thus, no financial data for these organizations are included in the City's basic financial statements. These related organizations include the Mental Health Board, the St. Louis Housing Authority, the St. Louis Office for Mental Retardation & Developmental Disability Resources, and the St. Louis Public Library.

4) Joint Venture

St. Louis Regional Convention and Sports Complex Authority (Authority)

The Authority, established in 1990 as a separate legal entity by an Act of the Missouri State legislature, is governed by an 11-member board of commissioners. The mayor of the City and the county executive of St. Louis County, Missouri (the County) each appoint three members and the governor of the State appoints the remaining five commissioners. The Authority is considered a joint venture of the City, the County, and the State because the three governments have entered into a contractual agreement with the Authority to sponsor the issuance of convention facility bonds, to repay the facility bonds through rental payments to the Authority, and to make annual preservation payments for facility maintenance and renovations, all of which create an ongoing financial responsibility of the City. The Authority is subject to joint control of the City, the County, and the State. Complete financial statements for the Authority can be obtained from the Authority's administrative offices at 901 North Broadway, St. Louis, Missouri 63101.

b. Government-wide and Fund Financial Statements

The government-wide financial statements (that is, the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the City and its component units. The effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on charges for services. Likewise, the City is reported separately from certain legally separate component units for which the City is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include: 1) charges for services to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular

City of St. Louis, Missouri
Notes to Basic Financial Statements, Continued
June 30, 2007
(dollars in thousands)

function. Taxes, unrestricted interest earnings, gains, and other miscellaneous revenues not properly included among program revenues are reported instead as general revenues.

Following the government-wide financial statements are separate financial statements for governmental funds, proprietary funds, and fiduciary funds. Fiduciary funds are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. The City has determined that the general fund, the capital projects fund, and the grants fund are major governmental funds. All other governmental funds are reported in one column labeled "Other Governmental Funds". The total fund balances for all governmental funds is reconciled to total net assets for governmental activities as shown on the statement of net assets. The net change in fund balance for all governmental funds is reconciled to the total change in net assets as shown on the statement of activities in the government-wide statements. The City has three enterprise funds (business-type activities): Lambert-St. Louis International Airport (the Airport), the Water Division of the City of St. Louis (the Water Division), and the Parking Division. Each of these enterprise funds is a major fund within the fund financial statements. Additionally, the City has three internal service funds (governmental activities): PFPC, mailroom services, and health. All internal service fund activity is combined into a single column on the proprietary fund statements, since major fund reporting requirements do not apply to internal service funds.

The fund financial statements of the City are organized on the basis of funds, each of which is considered a separate accounting entity with self-balancing accounts that comprise its assets, liabilities, fund balances/net assets, revenues and expenditures, or expenses. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are summarized by type in the basic financial statements. The following fund types are used by the City:

1) Governmental Fund Types

Governmental funds are those through which most governmental functions are financed. The acquisition, uses, and balances of the City's expendable financial resources and the related liabilities (except those accounted for in proprietary funds) are accounted for through governmental funds. The measurement focus is upon determination of and changes in financial position rather than upon net income.

The following are the City's governmental major funds:

General Fund—The general fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

Capital Projects Fund—The capital projects fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities, other than those financed by proprietary funds. This fund accounts for acquisition or construction of capital improvements, renovations, remodeling, and replacement for the City's major capital projects.

City of St. Louis, Missouri
Notes to Basic Financial Statements, Continued
June 30, 2007
(dollars in thousands)

Grants Fund—The grants fund is a special revenue fund that is used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specific purposes. The grants fund accounts for the majority of the City's federal grant programs received from the U.S. Department of Health and Human Services, U.S. Department of Housing and Urban Development, U.S. Department of Justice, U.S. Department of Labor, U.S. Department of Transportation, and various other federal agencies.

The other governmental funds of the City are considered nonmajor. They are special revenue funds, which account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes, and a debt service fund, which accounts for the accumulation of resources for, and repayment of, general obligation long-term debt principal, interest, and related costs.

2) Proprietary Fund Types

Proprietary funds are used to account for activities that are similar to those found in the private sector. The measurement focus is on the determination of net income and capital maintenance.

The following are the City's proprietary fund types:

Enterprise—Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises—where the intent of the governing body is that the costs (including depreciation) of operations are financed primarily through user charges. Enterprise funds have been established for the Airport, the Water Division, and the Parking Division. The Airport is used to account for the activities of the Airport. The principal services provided are financed primarily through landing fees and terminal concession revenues. The Water Division is used to account for sale of water to the general public and the operation of the water delivery system. The Parking Division is used to account for the operation of public parking facilities and parking meters. Each of the enterprise funds is a major fund in the fund financial statements.

Internal Service—Internal service funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of a government, or to other governments, on a cost-reimbursement basis. An internal service fund has been established for PFPC, mailroom services, and health. The PFPC fund is used to account for payment of workers' compensation and various other claims against legal actions on behalf of other funds. The mailroom services fund is used to account for mail-handling services provided to other funds. The health fund is used to account for payment of health insurance claims for participants.

In the government-wide and proprietary fund financial statements, the City applies all applicable Governmental Accounting Standards Board (GASB) pronouncements, as well as the following private-sector pronouncements issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements: Financial Accounting

City of St. Louis, Missouri
Notes to Basic Financial Statements, Continued
June 30, 2007
(dollars in thousands)

Standards Board (FASB) Statements and Interpretations, Accounting Principles Board (APB) Opinions, and Accounting Research Bulletins (ARBs) of the Committee on Accounting Procedure. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

3) Fiduciary Fund Types

Trust and Agency—Trust and agency funds are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, or other governmental units. These include pension trust funds and agency funds. Pension trust funds are accounted for and reported similar to proprietary funds. The pension trust funds account for the Firemen's Retirement System of St. Louis, Police Retirement System of St. Louis, and the Employees' Retirement System of the City of St. Louis pension benefits. Agency funds are accounted for using the accrual basis of accounting. Agency funds are custodial in nature (assets equal liabilities) and do not involve the measurement of results of operations. These funds account for activities of the collector of revenue, property tax escrow, general insurance, bail bonds, license collector, circuit clerk, and other agency operations.

c. Measurement Focus and Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the basic financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The government-wide financial statements are reported using the economic resources measurement focus and accrual basis of accounting, as are the proprietary fund, pension trust fund, and discretely presented component unit financial statements. Agency funds adhere to the accrual basis of accounting, and do not have a measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. At year-end, entries are recorded for financial reporting purposes to reflect the modified accrual basis of accounting for governmental fund types, and the accrual basis of accounting for the proprietary fund types, pension trust funds, and agency funds.

Under the modified accrual basis of accounting, revenues are recorded when both measurable and available. The term "available" is defined as collectible within the current period or soon enough thereafter to be used to pay the liabilities of the current period. For the City, available is defined as expected to be received within 60 days of fiscal year-end, except for government grants, which is within 120 days of fiscal year-end. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due (that is, matured).

City of St. Louis, Missouri
Notes to Basic Financial Statements, Continued
June 30, 2007
(dollars in thousands)

GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*, groups nonexchange transactions into the following four classes, based upon their principal characteristics: derived tax revenues, imposed nonexchange revenues, government mandated nonexchange transactions, and voluntary nonexchange transactions.

The City recognizes assets from derived tax revenue transactions (such as city earnings and payroll taxes, sales and utilities gross receipt taxes) in the period when the underlying exchange transaction on which the tax is imposed occurs or when the assets are received, whichever occurs first. Revenues are recognized, net of estimated refunds and estimated uncollectible amounts, in the same period that the assets are recognized, provided that the underlying exchange transaction has occurred. Resources received in advance are reported as deferred revenues until the period of the exchange.

The City recognizes assets from imposed nonexchange revenue transactions in the period when an enforceable legal claim to the assets arises or when the resources are received, whichever occurs first. Revenues are recognized in the period when the resources are required to be used or the first period that use is permitted. The City recognizes revenues from property taxes, net of estimated refunds and estimated uncollectible amounts, in the period for which the taxes are levied. Imposed nonexchange revenues also include permits, court fines, and forfeitures.

Intergovernmental revenues, representing grants and assistance received from other governmental units, are generally recognized as revenues in the period when all eligibility requirements, as defined by GASB Statement No. 33, have been met. Any resources received before eligibility requirements are met are reported as deferred revenues.

Charges for services in the governmental funds, which are exchange transactions and are, therefore, not subject to the provisions of GASB Statement No. 33, are recognized as revenues when received in cash because they are generally not measurable until actually received.

Under the accrual basis of accounting used by the proprietary fund types and pension trust funds, revenues are recognized when earned and expenses are recognized when incurred. Unbilled service revenues are accrued by the Airport and the Water Division based on estimated billings for services provided through the end of the current fiscal year.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Airport enterprise fund are revenues from airlines, concessions, and parking. Transactions that are capital-, financing-, or investing-related are reported as nonoperating revenues. The principal operating revenues of the Water Division enterprise fund, the Parking Division enterprise fund, and internal service funds are charges to customers for sales and services. All expenses related to operating the Airport enterprise fund are reported as operating expenses. Interest expense, financing costs, and miscellaneous expenses are reported as nonoperating expenses. Operating expenses for the Water Division enterprise fund, the Parking Division enterprise fund, and internal service funds include the cost of sales and services, administrative expenses, and depreciation and amortization. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

City of St. Louis, Missouri
Notes to Basic Financial Statements, Continued
June 30, 2007
(dollars in thousands)

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first and then unrestricted resources as they are needed.

For the pension trust funds, under the accrual basis of accounting, contributions are recognized in the period in which the contributions are due and benefits are recognized when they become due and payable.

d. Property Taxes

Taxes are levied annually in November based on the assessed valuation of all real and personal property located in the City as of the previous January 1. The City tax rate levied in November 2006 was \$1.459 per \$100 (in dollars) of assessed valuation of which \$1.3262 (in dollars) is for the general fund and \$0.1328 (in dollars) is for the debt service fund. Taxes are billed in November and are due and collectible on December 31. All unpaid taxes become delinquent on January 1 of the following year and attach as an enforceable lien on the related property at that date.

e. Cash and Investments

The City Treasurer maintains a cash and investment pool that is available for use by all funds including certain component units, except pension trust funds. In accordance with the City's budget ordinance the majority of investment income is considered earned by the general fund except for earnings otherwise legally restricted for a specific purpose. Income from investments associated with one fund is not assigned to another fund for other than legal or contractual reasons. In addition, cash and investments are separately maintained by other City officials, several of the City's departments and third-party trustee and fiscal agents.

Investments are recorded at fair value. Fair values for investments are determined by closing market prices at year-end as reported by the investment custodian. Mortgages are valued on the basis of future principal and interest payments and are discounted at prevailing interest rates for similar instruments.

f. Inventories

Purchase of materials and supplies in the governmental fund types are charged to expenditures as incurred. Amounts of inventories in such funds are immaterial. For the enterprise fund type, inventories are recorded at cost using a method that approximates the first-in, first-out method or the moving average cost method, and the expense is recognized when inventories are consumed in operations.

g. Capital Assets

1) Governmental Activities Capital Assets

Capital assets, which include buildings, improvements, equipment, and infrastructure assets (for example, roads, bridges, docks, promenade, traffic signals, and similar items), are reported in the governmental activities column in the government-wide financial statements, net of accumulated depreciation. Capital assets are defined by the City as assets with an estimated useful life in excess of one year with an initial, individual cost of \$5 or more, infrastructure with a cost of \$500 or more, building improvements with a cost of \$100 or more, and all land, land improvements, and buildings.

City of St. Louis, Missouri
Notes to Basic Financial Statements, Continued
June 30, 2007
(dollars in thousands)

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair market value at the date of donation. General infrastructure assets acquired prior to July 1, 2001 consist of the road network and other infrastructure assets that were acquired or that received substantial improvements subsequent to June 30, 1980 and are reported at estimated historical cost using deflated replacement cost. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the assets' lives are not capitalized.

The City has determined that all works of art and historical treasures other than the City's statues, monuments, and fountains meet the definition of a collection, and accordingly, has not capitalized these assets. A collection is defined as:

- Held for public exhibition and education
- Protected, cared for, and preserved
- Subject to an organizational policy that requires the proceeds from the sale to be used to acquire other items for the collection

The City has adopted a policy related to the sale of these assets, stating that the proceeds from the sale of any City-owned collections, in part or in its entirety, will be used for the acquisition of collection items.

All City-owned statues, monuments, and fountains are capitalized at their historic cost based upon original acquisition, construction documents, or estimates of original costs. Because of the nature of these assets and the manner in which the City maintains its historic treasures, these assets are considered inexhaustible, and therefore, are not subject to depreciation.

Depreciation, including depreciation recognized on assets acquired through government grants and other aid, is computed on the straight-line method over the estimated useful lives of the various classes of assets, except for roads, which is computed using the composite method. The estimated useful lives of depreciable capital assets are as follows:

	<u>Years</u>
Buildings	40 to 99
Improvements other than buildings	20 to 40
Equipment	5 to 15
Infrastructure	18 to 50

City management has evaluated prominent events or changes in circumstances affecting capital assets to determine whether any impairments of capital assets have occurred. Such events or changes in circumstances that were considered by the City management to be indicative of impairment include evidence of physical damage, enactment or approval of laws or regulations or other changes in environmental factors, technological changes or evidence of obsolescence, changes in the manner or duration of use of a capital asset, and construction stoppage.

City of St. Louis, Missouri
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2) Business-type Activities Capital Assets

Capital assets for the Airport, the Water Division, the Parking Division, and the mailroom are reported in the business-type activities column in the government-wide financial statements, net of accumulated depreciation.

3) Airport

Capital assets are recorded at cost. Depreciation, including depreciation recognized on assets acquired through government grants and other aid, is computed on the straight-line method over the estimated useful lives of the various classes of assets. Land is recorded at cost which, in addition to the purchase price, includes appraisal and legal fees, demolition, and homeowner relocation costs. Net interest costs on funds borrowed to finance the construction of capital assets are capitalized and amortized over the life of the related asset. The estimated useful lives of depreciable capital assets are as follows:

	<u>Years</u>
Pavings	18 to 30
Buildings and facilities	20 to 30
Equipment	2 to 20

4) Water Division

Capital assets were originally recorded in the accounts in 1958 and were based on an engineering study of the historical cost of properties constructed by employees of the Water Division. Accumulated depreciation at the date the assets were recorded was established after a review by a consulting firm.

Additions to capital assets subsequent to 1958 are recorded at historical cost. Provisions for depreciation of capital assets are computed on a straight-line basis over the estimated useful lives of the assets and are charged to operating expenses. The estimated useful lives of depreciable capital assets are as follows:

	<u>Years</u>
Buildings and structures	44 to 55
Pumping equipment	28 to 44
Hydrants, transmission mains, and lines	50 to 100
Meters	33
Other equipment	5 to 25

Net interest costs on funds borrowed to finance the construction are capitalized and depreciated over the life of the related asset.

City of St. Louis, Missouri
Notes to Basic Financial Statements, Continued
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5) Parking Division

Capital assets are recorded at historical cost, including applicable interest incurred during the construction period. Donated capital assets are recorded at estimated fair market value at the date of donation. The contributions are reflected as capital contributions. Depreciation is computed using the straight-line method over the estimated useful lives of the various classes of assets. The estimated useful lives of depreciable capital assets are as follows:

	<u>Years</u>
Buildings and parking garages	10 to 40
Buildings and land improvements	5 to 10
Equipment	5 to 15
Parking meters and lot equipment	5 to 10

6) Mailroom

Capital assets are recorded at historical cost. Depreciation is computed using the straight-line method over the estimated useful lives of the various classes of assets. The estimated useful life of equipment, other than computer equipment, is 10 years. The estimated useful life of computer equipment is five years.

7) Component Unit—SLDC

SLDC's property, plant, equipment, and infrastructure with useful lives of more than one year are stated at historical cost. Historically, SLDC maintained infrastructure asset records consistent with all other capital assets. Donated assets are stated at fair market value on the date donated. SLDC generally capitalizes assets with costs of \$2,500 (not in thousands) or more as purchase and construction outlays occur. The costs of normal maintenance and repairs that do not add to the asset value or materially extend useful lives are not capitalized. Capital assets are depreciated using the straight-line method. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in operations. Estimated useful lives, in years, for depreciable assets are as follows:

	<u>Years</u>
Buildings and structures	40
Improvements other than buildings (includes infrastructure)	3 to 15
Furniture, fixtures, and equipment	3 to 10

8) Component Unit—SLPD

Capital assets are capitalized at cost or estimated historical cost. Donated capital assets are valued at estimated fair market value as of the date received. Major outlays for capital assets and improvements are capitalized as projects are constructed. All capital assets over the capitalization levels are depreciated. SLPD's capitalization threshold is \$5.

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Notes to Basic Financial Statements, Continued
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Depreciation is computed using the straight-line method (with the 1/2-year convention election applied in the first and last year) over the following estimated useful lives:

	<u>Years</u>
Buildings	50 to 100
Building improvements	10 – 15 years
Furniture and fixtures and other Equipment	5
Automotive equipment	3
Communication equipment	5
Computer and software	3
Aircraft	6

9) Component Unit—SWMDC

Capital assets are capitalized at cost. Depreciation is computed using the straight-line method over the estimated useful lives to the depreciable capital assets. The estimated useful lives of infrastructure is 30 to 40 years.

h. Long-term Liabilities

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets/statement of fund net assets.

i. Passenger Facility Charges (PFCs)

The Airport collects a \$4.50 (in dollars) facility charge per enplaned passenger to fund approved Federal Aviation Administration (FAA) projects. The PFC is withheld by the respective airlines for each ticket purchased and passenger transfer made in St. Louis and remitted to the Airport one month after the month of receipt, less an \$0.11 (in dollars) per ticket operating fee retained by the airlines. PFCs represent an exchange-like transaction and are recognized as nonoperating revenue based upon passenger enplanements.

j. Capital Contributions

Capital contributions to the proprietary fund type represent government grants and other aid used to fund capital projects. Capital contributions are recognized as revenue when the expenditure is made and amounts become subject to claim for reimbursement. Amounts received from other governments by the proprietary fund type, which are not restricted for capital purposes, are reflected as nonoperating intergovernmental revenue.

k. Capitalization of Interest

Net interest costs on funds borrowed to finance the construction of capital assets are capitalized and depreciated over the life of the related asset for business-type activities and proprietary fund types. Interest is not capitalized for governmental activities or governmental fund types.

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Notes to Basic Financial Statements, Continued
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l. Amortization

In government-wide financial statements and the proprietary fund types in the fund financial statements, bond discounts are recorded as a reduction of the debt obligation, bond premiums are recorded as an addition to the debt obligation, and bond issuance costs are recorded as a deferred charge. Such amounts are amortized using the interest method or bonds-outstanding method over the term of the related revenue bonds. The deferred amount on refunding is amortized as a component of interest expense over the remaining life of the bonds using the bonds-outstanding method.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

m. Compensated Absences

The City grants vacation to full-time and part-time employees who work 50% of full-time or more based on years of continuous service. Compensatory time is granted to certain employees for hours worked in excess of a normal week that are not taken within the current bi-weekly pay period. These benefits are allowed to accumulate and carry over, with limitations, into the next calendar year and will be paid to employees upon departure from service for any reason. The entire accrued benefit liability related to the City's compensated absences has been recorded in the government-wide financial statements and in the proprietary funds in the fund financial statements. Certain amounts have been recorded in the governmental fund financial statements, since such amounts came due (that is, matured) during the fiscal year ended June 30, 2007.

Non-uniformed employees retiring after June 30, 2001 who have an unused sick leave balance may, at retirement, elect to receive payment for one-half of the sick leave balance. As an estimate of the portion of sick leave that will result in termination payments, a liability has been recorded on the government-wide financial statements and the proprietary funds in the fund financial statements representing one-half of the accumulated sick leave balances for those employees who will be eligible to retire within five years.

Component Unit—SLPD

Banked overtime is granted to certain employees for hours worked in excess of their normal workday that are not taken within the current bi-weekly pay period. Banked overtime is allowed to accumulate up to 40 hours and will be paid to employees upon resignation, retirement, or death.

Vacation is granted to all full-time employees based on years of continuous service.

Both commissioned and civilian employees accumulate sick leave hours and will be paid a minimum of 25% of their unused sick leave upon termination of employment. The liability for accrued sick leave pay has been calculated using the vesting method. Commissioned and civilian employees retiring from SLPD with 1600+ hours of sick leave accrued and 20+ years of service will be paid 25% of their unused sick leave plus one additional month's salary. Commissioned

City of St. Louis, Missouri
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employees retiring from SLPD with 2200+ hours of sick leave accrued and 30+ years of service will be paid 50% of their unused sick leave. Civilian employees retiring from SLPD with 2200+ hours of sick leave accrued and 85 points (years of service plus age) or age 65 will be paid 50% of their unused sick leave.

n. Encumbrances

Within the governmental fund financial statements, fund balance is reserved for outstanding encumbrances, which serves as authorization for expenditures in the subsequent year. Of encumbrances outstanding at year-end, \$32,080 will remain in force and will be liquidated under the current year's budget and \$931 will automatically be re-appropriated and re-encumbered as part of subsequent year budgets.

o. Interfund Transactions

In the fund financial statements, the City has the following types of transactions among funds:

1) Transfers

Legally authorized transfers are reported when incurred as transfers in by the recipient fund and as transfers out by the disbursing fund.

2) Interfund Services Provided/Used

Charges or collections for services rendered by one fund for another are recognized as revenues (interfund services provided) of the recipient fund and expenditures or expenses (interfund services used) of the disbursing fund. These transactions are recorded as interfund services because they would be treated as revenues and expenditures or expenses if they involved organizations external to the City.

Within the accompanying activity from the statement of activities, interfund services provided and used are not eliminated from the various functional categories. Transfers are eliminated from the various functional categories.

Certain internal payments are treated as program revenues, such as internal services provided and used. Certain internal payments are treated as a reduction of expense, such as reimbursements.

p. Reserved Fund Balance

Within the governmental fund financial statements, reserved fund balance represents the portion of fund balance that is not available for subsequent year appropriation and is legally segregated for a specific future use. In addition to encumbrances, reserved fund balances at June 30, 2007 are comprised of the following:

1) General Fund

Cash and investments with trustees to be used for debt service related to the Kiel Site Project, the Seventh and Pine, Argyle and Kiel parking garages, Civil Courts, Justice Center, Carnahan Courthouse, and Firemen's System Revenue Bonds.

City of St. Louis, Missouri
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2) Capital Projects Fund

Cash and investments with trustees to be used for debt service and construction related to the Forest Park Redevelopment, Justice Center Construction, and Carnahan Courthouse construction. Reserved fund balance also includes proceeds of capital improvement sales tax restricted for construction.

3) Other Governmental Funds

Cash and investments with a trustee to be used for debt service of tax increment financing bonds and notes payables and other bond principal payments, use tax funding for affordable housing, health and building demolition, transportation sales tax, sewer lateral repair program funds, and gaming revenue.

q. Net Assets

In the government-wide and proprietary fund financial statements, equity is displayed in three components as follows:

1) Invested in Capital Assets, Net of Related Debt

This consists of capital assets, net of accumulated depreciation, less the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition and construction of those assets.

2) Restricted

This consists of net assets that are legally restricted by outside parties or by law through constitutional provisions or enabling legislation. Net assets restricted by statutory restrictions represent tax and other revenue sources that are required by statute to be expended only for a specific purpose or purposes.

3) Unrestricted

This consists of net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

r. Statement of Cash Flows

For the purpose of the statement of cash flows, cash and cash equivalents are defined as all highly liquid investments (including restricted assets) with a maturity of three months or less at the date of purchase.

s. Use of Estimates

The preparation of the basic financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the basic financial statements, and the reported amounts of revenue, expenses, and expenditures during the reporting period. Actual results could differ from those estimates.

City of St. Louis, Missouri
Notes to Basic Financial Statements, Continued
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t. Individual Fund Deficit

At June 30, 2007, the grants fund has a deficit fund balance of \$(62). This amount will be offset by future commissions. The special revenue fund-extraordinary expenses has a deficit fund balance of \$(2,194). This amount will be offset by future state reimbursements. The mail room services internal service fund and the health internal service fund have deficit net assets of \$(36) and \$(979), respectively. These accumulated deficits will be offset by charges for services to other funds in future years.

2. DEPOSITS AND INVESTMENTS

a. Primary Government

The following is a reconciliation of the City's deposit and investment balances as of June 30, 2007:

As the investment strategies and associated risks for the Firemen's Retirement System of St. Louis (Firemen's System), Police Retirement System of St. Louis (Police System), and Employees' Retirement System of the City of St. Louis (Employees' System) are substantially different than those of the remainder of the primary government, the deposit and investment disclosures for the Firemen's System, Police System, and Employees' System are presented separately from those of the remainder of the primary government.

	<u>Cash and Cash Equivalents</u>	<u>Investments</u>	<u>Restricted Assets</u>	<u>Total</u>
Government-wide statement of net assets	\$ 43,889	103,539	344,796	492,224
Fiduciary statement of fiduciary net assets—agency funds	<u>25,800</u>	<u>10,929</u>	<u>—</u>	<u>36,729</u>
Total primary government excluding pension trust funds	<u>69,689</u>	<u>114,468</u>	<u>344,796</u>	<u>528,953</u>
Fiduciary statement of fiduciary net assets—pension trust funds:				
Firemen's System	3,352	407,141	—	410,493
Police System	5,971	723,484	—	729,455
Employees' System	<u>143</u>	<u>567,143</u>	<u>—</u>	<u>567,286</u>
Total pension trust funds	<u>9,466</u>	<u>1,697,768</u>	<u>—</u>	<u>1,707,234</u>
Total primary government	<u>\$ 79,155</u>	<u>1,812,236</u>	<u>344,796</u>	<u>2,236,187</u>

City of St. Louis, Missouri
Notes to Basic Financial Statements, Continued
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1) Primary Government Excluding Pension Trust Funds

Investments are recorded at fair value. Fair value for investments is determined by closing market prices at year-end, as reported by the respective investment custodian.

Certificates of deposit are defined as investments for statement of net assets/balance sheet/statement of fund net assets classification and cash flow purposes; for custodial risk disclosure; however, they are described below as cash deposits. In addition, money market mutual funds are classified as cash on the statement of net assets/balance sheet/statement of fund net assets, but as investments for custodial risk disclosure.

As of June 30, 2007, the primary government (excluding the pension trust funds) had the following cash deposits and investments:

Federal National Mortgage Association	\$ 112,043
Federal Home Loan Mortgage Corp.	91,617
Federal Home Loan Bank	63,562
United States Treasuries	23,803
Government Backed Trusts	698
State and local fixed income securities	2,980
Guaranteed Investment Contract	10,986
Commercial Paper	7,480
Money Market Mutual Funds	66,571
Certificates of Deposit	38,464
Other Cash Deposits	110,749
	<u>\$ 528,953</u>

State statutes and City investment policies authorize the deposit of funds in financial institutions and trust companies. Investments may be made in obligations of the U.S. Government or any agency or instrumentality thereof; bonds of the State, the City, or any city within the state with a population of 400,000 inhabitants or more; or time certificates of deposit; provided, however, that no such investment shall be purchased at a price in excess of par. In addition, the City may enter into repurchase agreements maturing and becoming payable within 90 days secured by U.S. Treasury obligations or obligations of the U.S. Government agencies or instrumentalities of any maturity as provided by law. City funds in the form of cash on deposit or time certificates of deposit are required to be insured or collateralized by authorized investments held in the City's name.

Additionally, the City's indentures with its bond trustees also permit City bond proceeds to be invested in commercial paper having an original maturity of 270 days or less and rated "A-1" or better by Standard & Poor's Corporation and "P-1" by Moody's Investors Service, money market funds rated "AAAM" or "AAAM-G" by Standard & Poor's Corporation, and other obligations fully and unconditionally guaranteed by the U.S. Government. These investments, while permitted by the indentures with the bond

City of St. Louis, Missouri
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trustees, are not permitted by the Investment Policy for the City of St. Louis, Missouri (Investment Policy).

Interest Rate Risk

The City seeks to minimize its exposure to fair value losses arising from changes in interest rates by selecting investments in adherence to the Investment Policy for the City of St. Louis, Missouri (Investment Policy). The Investment Policy provides that, to the extent possible, the City shall attempt to match its investments with anticipated cash flow requirements. Unless matched to a specific cash flow, the City will not directly invest in securities or make a time deposit with a stated maturity or more than five years from the date of purchase. The average maturity for collateral provided to the City for deposits in connection with a repurchase agreement shall not exceed five years without the written approval of the Treasurer. In connection with any outstanding bond issue, debt service reserve funds may be invested to a maximum maturity of 15 years, and up to 30 years with the approval of the Treasurer.

The investments of the primary government (excluding the pension trust funds) had the following maturities on June 30, 2007:

	Fair Value	Investment Maturities (in years)			
		Less Than 1	1-5	6-10	More Than 10
Federal National					
Mortgage Association	\$ 112,043	109,711	—	2,332	—
Federal Home Loan					
Mortgage Corp.	91,617	91,617	—	—	—
Federal Home Loan Bank	63,562	63,562	—	—	—
United States Treasuries	23,803	22,560	1,243	—	—
State and Local Fixed					
Income Securities	2,980	2,980	—	—	—
Government Backed					
Trusts	698	—	—	698	—
Guaranteed Investment					
Contract	10,986	—	—	—	10,986
Commercial Paper	7,480	7,480	—	—	—
	<u>\$ 313,169</u>	<u>297,910</u>	<u>1,243</u>	<u>3,030</u>	<u>10,986</u>

Credit Risk

The Investment Policy provides that investments of the City be rated in one of the three highest ratings categories by Moody's Investors Service, Standard & Poor's Corporation, or Fitch's Ratings Service.

City of St. Louis, Missouri
Notes to Basic Financial Statements, Continued
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The investments of the primary government (excluding the pension trust funds) were rated as follows by Standard & Poor's Corporation as of June 30, 2007:

	Fair Value	AAA	AA-	A-1+	A-1	Not Rated
Federal National						
Mortgage Association	\$ 112,043	107,589	—	4,454	—	—
Federal Home Loan						
Mortgage Corp.	91,617	83,467	—	8,150	—	—
Federal Home Loan Bank	63,562	49,185	—	14,377	—	—
United States Treasuries	23,803	—	—	—	—	23,803
State and Local Fixed						
Income Securities	2,980					2,980
Government Backed						
Trusts	698	698	—	—	—	—
Guaranteed Investment						
Contract	10,986	—	—	—	—	10,986
Commercial Paper	7,480	—	—	—	7,480	—
	<u>\$ 313,169</u>	<u>240,939</u>	<u>—</u>	<u>26,981</u>	<u>7,480</u>	<u>37,769</u>

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of the failure of a counterparty, the City will not be able to recover the value of the investments or collateral securities that are in the possession of the counterparty.

The Investment Policy requires that all cash deposits, time certificates of deposit, deposits with listed institutions, and repurchase agreements be covered by adequate pledged collateral. Acceptable collateral includes U.S. Treasury obligations, other interest-bearing securities guaranteed as to principal and interest by the U.S. or an agency or instrumentality of the U.S., bonds of the State or bonds of the City. The market value of the principal and accrued interest of the collateral must equal 103% of the deposits secured, less any amount subject to federal deposit insurance. All City securities and securities pledged as collateral must be held in a segregated account on behalf of the City by an independent third party with whom the City has a current custodial agreement and has been designated by the Treasurer and Funds Committee as eligible to serve in such a capacity.

At June 30, 2007, the following City investments are held by the counterparty's trust department or agent, and are not in the City's name: \$2,225 of Federal National Mortgage Association securities, \$6,011 of Federal Home Loan Mortgage Corporation securities, \$20,842 of U.S. Treasury securities, \$1,490 of State and Local Fixed Income securities, and the \$10,986 guaranteed investment contract. All remaining City investments and collateral securities pledged against City deposits are held by the counterparty's trust department or agent in the City's name.

City of St. Louis, Missouri
Notes to Basic Financial Statements, Continued
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Concentration of Credit Risk

The Investment Policy provides that, with the exception of U.S. Treasury Securities, no more than 35% of the City's total investment portfolio will be invested in a single security type or with a single financial institution.

At June 30, 2007, the concentration of the City's deposits and investments was as follows:

Federal National Mortgage Association	21.18 %
Federal Home Loan Mortgage Corp.	17.32
Federal Home Loan Bank	12.02
United States Treasuries	4.50
Government Backed Trusts	0.13
State and local fixed income securities	0.56
Guaranteed Investment Contract	2.08
Commercial Paper	1.41
Money Market Mutual Funds	12.59
Certificates of Deposit	7.27
Other Cash Deposits	20.94
	<u>100.00</u>

2) Primary Government—Pension Trust Fund—Firemen's System

As of September 30, 2006, the Firemen's System had the following cash deposits and investments:

Common Stock	\$ 210,835
Collective Investment—Equity	79,300
Corporate Obligations	17,570
Collective Investment—Bonds	91,745
U.S. Government Securities	5,099
Money Market Funds	2,592
Other Cash Deposits	3,352
	<u>\$ 410,493</u>

The Firemen's System's investments are continuously exposed to various types of inherent risks. These risks are mitigated by the Firemen's System's development and continual monitoring of sound investment policies. The Investment Maturities, Credit Rating by Investment, and Foreign Currency Exposures by Asset Class schedules are presented to provide an illustration of the Firemen's System's current level of exposure to various risks.

City of St. Louis, Missouri
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The following schedule provides a summary of the investment maturities by investment type, which helps demonstrate the current level of interest rate risk assumed by the Firemen's System as of September 30, 2006:

	Fair Value	No Maturity	Investment maturities (in years)			
			Less than 1	1-5	6-10	More than 10
Common Stock	\$ 210,835	210,835	—	—	—	—
Collective Investment— Equity	79,300	79,300	—	—	—	—
Corporate Obligations	17,570	—	—	6,918	6,984	3,668
Collective Investment— Bonds	91,745	—	9,752	32,258	35,065	14,670
U.S. Government Securities	5,099	—	—	2,314	1,605	1,180
Money Market Funds	2,592	2,592	—	—	—	—
	<u>\$ 407,141</u>	<u>292,727</u>	<u>9,752</u>	<u>41,490</u>	<u>43,654</u>	<u>19,518</u>

The Firemen's System's current level of exposure to credit risk, or the risk that an issuer or other counterparty to an investment will not fulfill its obligations, is demonstrated by the following table as of September 30, 2006:

Credit Rating Level	Common Stock	Collective Investment	Corporate Obligations	Government Securities	Money Market
AAA	\$ —	—	998	3,943	—
AA	—	91,745	2,217	—	—
A	—	—	7,855	1,156	—
BBB	—	—	6,500	—	—
BB	—	—	—	—	—
Not Rated	210,835	79,300	—	—	2,592
	<u>\$ 210,835</u>	<u>171,045</u>	<u>17,570</u>	<u>5,099</u>	<u>2,592</u>

City of St. Louis, Missouri
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Foreign Currency Risk is the risk that changes in exchange rates will adversely impact the fair value of an investment. The Firemen's System's policy is to allow the individual investment managers to decide what action to take regarding their respective portfolio's foreign currency exposure. The following table demonstrates the Firemen's System's current level of foreign currency exposure as of September 30, 2006:

	Money Market	Equities	Fixed Income	Total
Australian Dollar	\$ —	3,490	—	3,490
British Pound Sterling	—	6,282	—	6,282
Canadian Dollar	—	1,660	—	1,660
Danish Krone	—	727	—	727
Euro	—	12,948	—	12,948
Hong Kong Dollar	—	1,130	—	1,130
Japanese Yen	—	18,542	—	18,542
Mexican Peso	—	445	—	445
Norwegian Krone	—	2,109	—	2,109
South African Zar	—	165	—	165
Swedish Krona	—	1,781	—	1,781
Swiss Franc	—	2,852	—	2,852
Total Foreign Currency	—	52,131	—	52,131
U.S. Dollar	2,592	238,004	114,414	355,010
Total	\$ 2,592	290,135	114,414	407,141

Credit Risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Firemen's System's minimum credit quality rating for each issue shall be "BBB" (or its equivalent) at the time of purchase. In the event of a split-rating, the higher rating shall apply. The fixed income portfolio should have an average quality rating of at least "A" (or its equivalent). Commercial paper issues must be rated at least "A1" (or its equivalent) at the time of purchase. In the event of a split-rating, the higher rating shall apply. In the event of a downgrade below investment grade by any rating agency, the Investment Manager is required to notify the Board and Investment Consultant as soon as possible and to refrain from any further investment in the downgraded issue.

Interest Rate Risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk of adverse interest rate changes. The effective duration of any fixed income portfolio shall not exceed 120% of the effective duration of the Investment Manager's broad market benchmark.

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Concentration of Credit Risk is the risk of loss attributed to the magnitude of the Firemen's System's investment in a single issuer. The Firemen's System's policy does not allow the concentration per issuer to exceed 5% at purchase or 10% with capital appreciation of the market value of the investment manager's portfolio, with the exception of cash, cash equivalents, U. S. Treasury, or Agency securities. Furthermore, the Investment Manager may not hold more than 5% of the outstanding shares of any single issuer with exception of U. S. Treasuries or Agencies. It is the Firemen's System's policy to invest in each asset class ranging between a minimum and maximum as shown below:

Asset Class as a Percent of Total Assets			
Asset Class	Minimum	Target Mix	Maximum
Domestic Equity:			
Large Cap	24%	29	34
Small Cap	10	15	20
Domestic Fixed Income	30	35	40
International Equities	16	21	26

Investments that exceed 5% or more of net assets held in trust for pension benefits for the Firemen's System are as follows:

Aberdeen Core Plus Fixed Income Portfolio	\$91,745
PanAgora Equity Index Fund	41,059
Artisan International Stock Fund	38,241

The Firemen's System participates in securities lending programs in order to enhance investment yield. In a securities lending transaction, the Firemen's System transfers possession—but not title—of the security to the borrower. Collateral consisting of cash, letter of credit, or government securities is received and held by a financial institution. The collateral maintained is at least 102% of loan value for domestic securities and 105% of loan value for international securities of the market value of the securities lent. The Firemen's System maintains all the rights in the collateral of a secured lender under the Uniform Commercial Code. The Firemen's System continues to earn income on the loaned security. In addition, the Firemen's System receives 60% of the net lending fees generated by each loan of securities. The financial institution indemnifies operation risk and counter party risk. The Firemen's System authorizes the lending and loans of the following: domestic securities, U.S. Treasuries, corporate bonds, and equities. The Firemen's System does not have the ability to pledge or sell collateral securities without borrower default. Therefore, for accounting purposes, the financial statements do not reflect an increase in assets or liabilities associated with securities lent. At September 30, 2006, \$49,537 in loans was outstanding to borrowers. The Firemen's System earned income of \$136 for its participation in the securities lending program for the year ended September 30, 2006.

City of St. Louis, Missouri
Notes to Basic Financial Statements, Continued
June 30, 2007
(dollars in thousands)

3) Primary Government—Pension Trust Fund—Police System

As of September 30, 2006, the Police System had the following cash deposits and investments:

Equities:	
Common Stock	\$ 251,883
Collective Investment Funds	161,091
Real Estate Equities	38,110
Mortgaged-Backed Securities—Government	68,854
Mortgaged-Backed Securities—Nongovernment	40,456
Corporate Bonds	48,594
Government Securities	88,709
Short-Term Notes and Commercial Paper	4,861
Money Market Funds	19,033
Investment Property	1,893
Other Cash Deposits	5,971
	<hr/>
	\$ 729,455

The Police System's investments are continuously exposed to various types of inherent risks. These risks are mitigated by the Police System's development and continual monitoring of sound investment policies. The Investment Maturities, Credit Rating by Investment, and Foreign Currency Exposures by Asset Class schedules are presented below to provide an illustration of the Police System's current level of exposure to various risks.

City of St. Louis, Missouri
Notes to Basic Financial Statements, Continued
June 30, 2007
(dollars in thousands)

The following schedule provides a summary of the investment maturities by investment type, which helps demonstrate the current level of interest rate risk assumed by the Police System as of September 30, 2006:

	Fair Value	No Maturity	Investment maturities (in years)			
			Less than 1	1 – 5	6 – 10	More than 10
Equities:						
Common Stock	\$ 251,883	251,883	—	—	—	—
Collective Investment Funds	161,091	161,091	—	—	—	—
Real Estate Equities	38,110	38,110	—	—	—	—
Mortgaged-Backed Securities—						
Government	68,854	—	6,682	—	1,145	61,027
Mortgaged-Backed Securities—						
Nongovernment	40,456	—	3,366	2,946	905	33,239
Corporate Bonds	48,594	—	2,016	10,891	17,906	17,781
Government Securities	88,709	—	—	49,145	16,549	23,015
Short-Term Notes and Commercial Paper	4,861	4,861	—	—	—	—
Money Market Funds	19,033	19,033	—	—	—	—
Investment Property	1,893	1,893	—	—	—	—
	<u>\$ 723,484</u>	<u>476,871</u>	<u>12,064</u>	<u>62,982</u>	<u>36,505</u>	<u>135,062</u>

The Police System's current level of exposure to credit risk, or the risk that an issuer or other counterparty to an investment will not fulfill its obligations, is demonstrated by the following table as of September 30, 2006:

Credit Rating Level	Equities	Government Mortgage-Backed Securities	Nongovernment Mortgage-Backed Securities	Corporate Bonds	Government Securities	Short-term Notes and Commercial Paper	Money Market Fund	Investment Property
Agency	\$ —	—	—	—	—	—	—	—
AAA	—	68,854	35,220	3,004	87,108	—	—	—
AA	—	—	844	4,337	861	—	—	—
A	—	—	—	18,049	376	—	—	—
BBB	—	—	106	13,630	364	—	—	—
BB	—	—	—	1,340	—	—	—	—
B	—	—	—	256	—	—	—	—
Not Rated	451,084	—	4,286	7,978	—	4,861	19,033	1,893
	<u>\$ 451,084</u>	<u>68,854</u>	<u>40,456</u>	<u>48,594</u>	<u>88,709</u>	<u>4,861</u>	<u>19,033</u>	<u>1,893</u>

City of St. Louis, Missouri
Notes to Basic Financial Statements, Continued
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(dollars in thousands)

Foreign Currency Risk is the risk that changes in exchange rates will adversely impact the fair value of an investment. The Police System's policy is to allow the individual investment managers to decide what action to take regarding their respective portfolio's foreign currency exposure. The following table demonstrates the Police System's current level of foreign currency exposure as of September 30, 2006:

		Money Money Market/ Commercial Paper	Investment Property	Equities	Fixed Income	Total
Australian Dollar	\$	—	—	—	440	440
British Pound Sterling		—	—	3,559	435	3,994
Canadian Dollar		—	—	2,428	963	3,391
Cayman Islands Dollar		—	—	254	—	254
Chilean Peso		—	—	—	580	580
Chinese Yuan		—	—	—	183	183
Euro		—	—	3,492	1,654	5,146
Iceland Krona		—	—	—	131	131
Indian Rupee		—	—	800	—	800
Israeli Shekel		—	—	260	—	260
Mexican Peso		—	—	1,097	376	1,473
Panama Dollar		—	—	—	178	178
Swiss Franc		—	—	2,328	—	2,328
Total Foreign Currency		—	—	14,218	4,940	19,158
U.S. Dollar		23,894	1,893	436,866	241,673	704,326
Total	\$	23,894	1,893	451,084	246,613	723,484

Credit Risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Fixed Income Portfolio must have an average rating of "A" or better in the aggregate as measured by at least one credit rating service. In cases where the yield spread adequately compensates for additional risk, securities rated lower than "A" may be purchased, provided overall fixed income quality is maintained. All issues will be of investment grade quality (BBB or Baa rated) or higher at the time of purchase. Up to 15% of the total market value of fixed income securities may be invested in BBB or Baa rated securities. In cases where credit rating agencies assign different quality ratings to a security, the lower rating will be used. Should the rating of a fixed income security fall below minimum investment grade, the Investment Manager may continue to hold the security if they believe the security will be upgraded in the future, there is low risk of default, and buyers will continue to be available throughout the anticipated holding period. The Investment Manager has the responsibility of notifying the Board of Trustees through their designee whenever an issue falls below investment grade.

City of St. Louis, Missouri
Notes to Basic Financial Statements, Continued
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Interest Rate Risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk of adverse interest rate changes. The average effective duration of the aggregate portfolio, reflecting all instruments including Collateralized Mortgage Obligations and Asset-Backed Securities, must be maintained at plus or minus one year of the duration of the Salomon Brothers Broad Investment Grade Bond Index.

Concentration of Credit Risk is the risk of loss attributed to the magnitude of the Police System's investment in a single issuer. It is the Police System's policy to invest in each asset class ranging between a minimum and maximum as shown below:

Asset Class as a Percent of Total Assets			
Asset Class	Minimum	Target Mix	Maximum
Fixed Income	33%	35	37
Real Estate Equity	3	5	7
Large Cap U.S. Stocks	38	40	42
Small Cap U.S. Stocks	8	10	12
Non-U.S. Foreign Stocks	8	10	12

Investments which exceed 5% or more of net assets held in trust for pension benefits for the Police System are as follows:

MFB Daily S&P 500 Equity Index	\$93,001
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The Police System participates in securities lending programs in order to enhance investment yield. In a securities lending transaction, the Police System transfers possession—but not title—of the security to the borrower. Collateral consisting of cash, letter of credit, or government securities is received and held by a financial institution. The broker/dealer collateralizes their borrowing (usually in cash) to 102% of the security value plus accrued interest, and this collateral is adjusted daily to maintain the 102% level. The Police System maintains all the rights in the collateral of a secured lender under the Uniform Commercial Code. The Police System continues to earn income on the loaned security. In addition, the Police System receives 60% of the net lending fees generated by each loan of securities. The financial institution receives the remaining 40% of the net lending fees as compensation for its services provided in the securities lending program. The financial institution indemnifies operational risk and counterparty risk. The Police System authorizes the lending of domestic securities, U. S. Treasuries, corporate bonds, and equities. The Police System does not have the ability to pledge or sell collateral securities without borrower default. Therefore, for accounting purposes, the financial statements do not reflect an increase in assets or liabilities associated with securities lent. At September 30, 2006, outstanding loans to borrowers were \$135,538. The Police System earned income of \$158 for its participation in the securities lending program for the year ended September 30, 2006.

City of St. Louis, Missouri
Notes to Basic Financial Statements, Continued
June 30, 2007
(dollars in thousands)

4) Primary Government—Pension Trust Fund—Employees’ System

As of September 30, 2006, the Employees’ System had the following cash deposits and investments:

Stocks	\$	237,188
Managed International Equity Funds		139,835
Corporate Bonds and Debentures		19,135
Foreign Governmental and Corporate Obligations		17,556
Domestic Bond Funds		45,060
Real Estate Fund		65,002
U.S. Government and Agency Securities		41,162
Temporary Cash Investments		2,205
Other Cash Deposits		143
	\$	<u>567,286</u>

Foreign Currency Risk

The Employees’ System does not have a formal policy to limit foreign currency risk. Risk of loss arises from changes in currency exchange rates. The Employees’ System’s exposure to foreign currency risk is presented on the following table:

	Short- Term	Debt	Equity	Total
British Pound	\$	2,282		2,282
Canadian Dollar	—	3,852	—	3,852
Euros	—	7,417	—	7,417
Japanese Yen	—	1,468	—	1,468
Total	\$	<u>15,019</u>	—	<u>15,019</u>

City of St. Louis, Missouri
Notes to Basic Financial Statements, Continued
June 30, 2007
(dollars in thousands)

Credit Risk of Debt Securities

The Employees' System's rated debt investments as of September 30, 2006 were rated by Standard & Poor's, and the ratings are presented using the Standard & Poor's rating scale. The Employees' System's policy to limit credit risk is that fixed income securities shall be limited to those with a Standard & Poor's rating of investment grade (BBB/Baa) or better.

		AAA	AA-	A+
Corporate Bonds and Debentures	\$	5,996	2,046	3,265
Foreign Government and Corporate Obligations		10,880	1,712	624
U.S. Government Securities		25,890	—	—
U.S. Government Agency Securities		11,839	—	—
Total	\$	54,605	3,758	3,889

		A	A-	B	BBB+
Corporate Bonds and Debentures	\$	3,306	1,215	81	—
Foreign Government and Corporate Obligations		—	146	—	131
U.S. Government Securities		—	—	—	—
U.S. Government Agency Securities		—	—	—	—
Total	\$	3,306	1,361	81	131

		BBB	BB-	BB	Unrated
Corporate Bonds and Debentures	\$	1,251	498	647	830
Foreign Government and Corporate Obligations		117	—	—	3,946
U.S. Government Securities		—	—	—	464
U.S. Government Agency Securities		—	—	—	2,969
Total	\$	1,368	498	647	8,209

City of St. Louis, Missouri
Notes to Basic Financial Statements, Continued
June 30, 2007
(dollars in thousands)

Interest Rate Risk

The Employees' System does not have a formal policy to limit interest rate risk. Risk of loss arises from changes in interest rates which have significant effects on fair values of investments.

	Fair Value	Investment maturities (in years)			
		Less than 1	1 – 5	6 – 10	More than 10
U.S. Government Securities	\$ 26,354	—	8,209	5,644	12,501
Agency Securities	14,808	—	4,372	2,229	8,207
Corporate Bonds and Debentures	19,135	4,045	9,714	1,327	4,049
Foreign Government and Corporate Obligations	17,556	2,272	3,874	5,437	5,973
	<u>\$ 77,853</u>	<u>6,317</u>	<u>26,169</u>	<u>14,637</u>	<u>30,730</u>

The Employees' System permits its investment manager to utilize financial derivative instruments such as forwards, futures, and options. The use of these financial derivatives is defensive in nature, that is, used only to manage duration and foreign currency exposure and bond exposure. Open currency exposure shall not exceed 10% of the global fixed income portfolio. As of September 30, 2006, the Employees' System had a net receivable of \$10 (cost \$0) based on current market values.

The Employees' System participates in a securities lending program administered by a financial institution. Brokers who borrow the securities provide collateral, usually in the form of cash valued at 102% for domestic securities. There are no restrictions on the amount of securities that can be lent at one time. At September 30, 2006, the term to maturity of the securities lent is matched with the term to maturity of the investment of the cash collateral. These loans can be terminated on demand by either the lender or borrower. The Employees' System cannot pledge or sell non-cash collateral unless the borrower defaults. As of September 30, 2006, the Employees' System has lending arrangements outstanding with a market value for securities lent of \$83,521 and a total market value for securities received as collateral of \$85,849 resulting in no credit risk for the Employees' System.

City of St. Louis, Missouri
Notes to Basic Financial Statements, Continued
June 30, 2007
(dollars in thousands)

Concentration of Credit Risk

At September 30, 2006, the Employees' System has the following concentrations, defined as investments (other than those issued or guaranteed by the U.S. Government) in any one organization, that represent five percent or more of total investments:

State Street Global Advisors Passive Bond Market Index Fund	<u>\$45,060</u>
Silchester International Investors International Value Equity Group Trust	<u>\$77,010</u>
Walter Scott & Partners Limited Group Trust International	<u>\$62,825</u>
Principal Global Investors Real Estate Group Annuity Contract	<u>\$65,003</u>

b. Component Unit—SLDC

State statutes and SLDC investment policies are the same as for the primary government. SLDC funds, in the form of cash on deposit or certificates of deposit, are required to be insured or collateralized by authorized investments held in SLDC's name. At June 30, 2007, all of SLDC's cash deposits were covered by federal depository insurance or collateral held by the pledging institution's trust department or agent in SLDC's name. At June 30, 2007, the market value of investments approximates the carrying value of \$137.

c. Component Unit—SLPD

Investments are recorded at fair value, which is determined by closing market prices at year-end as reported by the investment custodian. Investments with an original maturity date of less than one year are carried at cost plus earned interest, which approximates fair value.

As of June 30, 2007, the SLPD had the following cash deposits and investments:

Federal Home Loan Bank	\$ 3,934
Federal Farm Credit Bank	475
Money Market Mutual Funds	704
Other cash deposits	<u>1,761</u>
Total	<u><u>\$ 6,874</u></u>

City of St. Louis, Missouri
Notes to Basic Financial Statements, Continued
June 30, 2007
(dollars in thousands)

State statutes and SLPD investment policies are the same as for the primary government SLPD funds in the form of cash on deposit or time certificates of deposit are required to be insured or collateralized by authorized investments held in the SLPD's name. Actual investment decisions are made by the director of budget and finance, the Board of Police Commissioners, and the SLPD's fiscal agents.

Interest Rate Risk

The SLPD seeks to minimize its exposure to fair value losses arising from changes in interest rates by selecting investments in adherence to the Board of Police Commissioner's (Investment Policy). The Investment Policy provides that, to the extent possible, the SLPD shall attempt to match its investments with anticipated cash flow requirements. Unless matched to a specific cash flow, the SLPD will not directly invest in securities or make a time deposit with a stated maturity or more than five years from the date of purchase. The average maturity for collateral provided to the SLPD for deposits in connection with a repurchase agreement shall not exceed five years without the written approval of the Treasurer. In connection with any outstanding bond issue, debt service reserve funds may be invested to a maximum maturity of 15 years, and up to 30 years with the approval of the Treasurer.

The SLPD had investments in Federal Home Loan bank and Federal Farm Credit Bank securities had maturities of one year or less as of June 30, 2007.

Credit Risk

The Investment Policy provides that investments of the SLPD be rated in one of the three highest ratings categories by Moody's Investors Service, Standard & Poor's Corporation, or Fitch's Ratings Service.

The SLPD's investments in U.S. Government agencies as of June 30, 2007 were rated AAA by Moody's Investor Service and Standard & Poor's.

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of the failure of a counterparty, the SLPD will not be able to recover the value of the investments or collateral securities that are in the possession of the counterparty.

The Investment Policy requires that all cash deposits, time certificates of deposit, deposits with listed institutions, and repurchase agreements be covered by adequate pledged collateral. Acceptable collateral includes U.S. Treasury obligations, other interest-bearing securities guaranteed as to principal and interest by the U.S. or an agency or instrumentality of the U.S., bonds of the State, or bonds of the City. The market value of the principal and accrued interest of the collateral must equal 103% of the deposits secured, less any amount subject to federal deposit insurance. All SLPD securities and securities pledged as collateral must be held in a segregated account on behalf of the SLPD by an independent third-party with whom the SLPD has a current custodial agreement and has been designated by the Board of Police Commissioners to serve in such capacity.

City of St. Louis, Missouri
Notes to Basic Financial Statements, Continued
June 30, 2007
(dollars in thousands)

At June 30, 2007, all SLPD investments and all collateral securities pledged against SLPD deposits are held by the counterparty's trust department or agent in the SLPD's name.

Concentration of Credit Risk

The SLPD has no investment policy related to the concentration of credit risk. At June 30, 2007, the concentration of the SLPD's investments (excluding cash deposits) was as follows:

	<u>Concentration</u>
Federal Home Loan Bank	77%
Federal Farm Credit Bank	9%
Money Market Mutual Funds	14%
	<u>100%</u>

d. **Component Unit—SWMDC**

At June 30, 2007, all of SWMDC's cash deposits were covered by federal depository insurance or collateral held by the pledging institution's trust department or agent in the City's name. SWMDC's investments of \$710 at year-end consisted entirely of Federal Home Loan Mortgage Corporation and Federal National Mortgage Securities with less than one year to maturity and rated AAA by Standard & Poor's Corporation.

3. **RECEIVABLES, NET**

	<u>Taxes</u>	<u>Intergovern- mental</u>	<u>Charges for Services</u>	<u>Notes and Loans</u>	<u>Other</u>	<u>Total Receivables</u>
Governmental activities:						
General fund	\$ 90,073	3,972	252	—	2,816	97,113
Capital projects fund	2,950	2,180	—	—	—	5,130
Grants fund	—	15,525	—	—	6	15,531
Other governmental funds	28,690	1,650	2,181	79	834	33,434
Internal service funds	—	—	—	—	—	—
Total governmental activities	<u>\$ 121,713</u>	<u>23,327</u>	<u>2,433</u>	<u>79</u>	<u>3,656</u>	<u>151,208</u>
Business-type activities:						
Airport	\$ —	29,859	16,168	—	5,873	51,900
Water Division	—	—	5,804	—	131	5,935
Parking Division	—	—	130	—	—	130
Total business-type activities	<u>\$ —</u>	<u>29,859</u>	<u>22,102</u>	<u>—</u>	<u>6,004</u>	<u>57,965</u>

All amounts are scheduled for collection during the subsequent fiscal year.

City of St. Louis, Missouri
Notes to Basic Financial Statements, Continued
June 30, 2007
(dollars in thousands)

4. ALLOWANCE FOR UNCOLLECTIBLE ACCOUNTS

The allowance for uncollectible accounts, which has been deducted from the related receivable in the government-wide statement of net assets and fund financial statements, consists of the following balances:

Governmental activities:

Taxes receivable—general fund	\$ 826
Taxes receivable—other governmental funds	118
License and permits receivable—general fund	46
Charges for services receivable—other governmental funds	128

Business-type activities:

Charges for services receivable—Airport	1,192
Charges for services receivable—Water Division	3,917
	<u>6,227</u>
	<u>\$ 6,227</u>

5. COMPONENT UNIT—SLDC RECEIVABLES

SLDC receivables consist principally of small business commercial loans to facilitate development activities. The commercial loans were financed utilizing funds provided by the Community Development Agency (CDA) of the City, the Economic Development Administration, and the State. The proceeds from any repayment of these loans are payable back to the funding source or re-loaned in accordance with the lending program. Thus, a corresponding liability has been recorded.

6. RESTRICTED ASSETS

a. Airport

Cash and investments, restricted in accordance with City ordinances and bond provisions, are as follows at June 30, 2007:

Airport bond fund:	
Debt service account	\$ 45,183
Debt service reserve account	35,998
Airport renewal and replacement fund	3,500
Passenger facility charge fund	18,633
Airport development fund	49,433
Airport construction fund	77,877
Drug enforcement agency funds	2,041
	<u>232,665</u>
	<u>\$ 232,665</u>

City of St. Louis, Missouri
Notes to Basic Financial Statements, Continued
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City ordinances require that revenues derived from the operation of the Airport be deposited into the unrestricted Airport Revenue Fund. From this fund, the following allocations are made (as soon as practicable in each month after the deposit of revenues, but no later than five business days before the end of each month) in the following order of priority:

- 1) *Unrestricted Airport Operation and Maintenance Fund*: an amount sufficient to pay the estimated operation and maintenance expenses during the next month.
- 2) *Airport Bond Fund*: for credit to the Debt Service Account, if and to the extent required, so that the balance in said account shall equal the accrued aggregate debt service on the bonds, to the last day of the then current calendar month. This account shall be used only for payment of bond principal and interest as the same shall become due.
- 3) *Airport Bond Fund*: for credit to the Debt Service Reserve Account: an amount sufficient to maintain a balance in such account equal to the debt service reserve requirement (an amount equal to the greatest amount of principal and interest due in any future fiscal year). This account shall be available for deficiencies in the Debt Service Account on the last business day of any month, and the balance shall be transferred to the debt service account whenever the balance in the Debt Service Account (before the transfer) is not sufficient to fully pay all outstanding bonds.
- 4) *Arbitrage Rebate Fund*: an amount necessary to fund the Arbitrage Rebate in order to pay the Rebate Amount when due and payable.
- 5) *Subordinated Indebtedness*: an amount sufficient to pay Subordinated Indebtedness in accordance with the authorizing and implementing documents for such Subordinated Indebtedness.
- 6) *Airport Renewal and Replacement Fund*: an amount equal to \$57, provided that no deposit shall be required to be made into said fund whenever and as long as uncommitted moneys in said fund are equal to or greater than \$3,500 or such larger amount as the City shall determine is necessary for purposes of said fund; and provided further that, if any such monthly allocation to said fund shall be less than the required amounts, the amount of the next succeeding monthly payments shall be increased by the amount of such deficiency. This fund shall be used for paying costs of renewal or replacement of capital items used in connection with the operation of the Airport.
- 7) *A sub-account in the Airport Revenue Fund*: an amount determined from time-to-time by the City, such that if deposits were made in amounts equal to such amount in each succeeding month during each Airport fiscal year, the balance in such sub-account shall equal the amounts payable to the City with respect to such Airport fiscal year for the payment of 5% of gross receipts from operations of the Airport. A maximum of 80% of the monthly transfer to this sub-account may be paid to the City during the Airport's fiscal year. The final installment may only be paid to the City upon delivery of the Airport's audited financial statements to the Airport Bond Fund Trustee.
- 8) *Airport Debt Service Stabilization Fund and the Airport Development Fund*: various amounts for Airport Fiscal Years 2006 through 2011, achieving a balance of Thirty Eight Million Two Hundred Eleven Thousand Dollars (\$38,211) at the end of Fiscal Year 2011. Beginning in Airport Fiscal Year 2012, the Airport will allocate an amount sufficient to bring the amount on

City of St. Louis, Missouri
Notes to Basic Financial Statements, Continued
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deposit in the Debt Stabilization Fund equal to the Debt Stabilization Fund Requirement (or such lesser amount as is available in the Revenue Fund for such transfer).

- 9) The remaining balance in the Revenue Fund shall be deposited into the Airport Development Fund. This fund shall be used for extensions and improvements to the Airport, including equipment acquisition.

City ordinances provide that, in the event the sum on deposit in the Airport Bond Fund—Debt Service and Debt Service Reserve Accounts are insufficient to pay accruing interest, maturing principal or both, the balance in the Airport Contingency Fund, Airport Development Fund, and Airport Renewal and Replacement Fund may be drawn upon, to the extent necessary, to provide for the payment of such interest, principal, or both. Any sums so withdrawn from these accounts for said purposes shall be restored thereto in the manner provided for in their original establishment. City ordinances also provide that the principal proceeds from the sale of Airport revenue bonds shall be held in the Airport Construction Fund from which they shall be disbursed for the purposes contemplated in these ordinances.

b. Water Division

Cash and investments restricted in accordance with City ordinances at June 30, 2007 are as follows:

Bond funds:	
Waterworks bond fund	\$ 3,581
Water replacement and improvement account	784
	<hr/>
Total bond funds	4,365
Construction funds	7,376
Customer deposits	2,388
	<hr/>
	\$ 14,129
	<hr/>

City ordinances require that revenues derived from the operation of the Waterworks System be deposited in the Waterworks Revenue Account. From this account, the following allocations are made on the first business day of each month in the following order of priority:

1) 1998 Water Revenue Bond Funds

- 1) To the unrestricted Waterworks Operations and Maintenance Fund, an amount sufficient to pay the estimated operation and maintenance expenses during the next month.
- 2) To the Waterworks Bond Fund, an amount at least equal to 1/6 of the amount of interest that will come due on the next interest payment date, plus an amount at least equal to 1/12 of the aggregate principal amount of bonds that will come due on the next bond maturity date. This account is to be used only for the payment of bonds principal and interest, as the same shall become due.

City of St. Louis, Missouri
Notes to Basic Financial Statements, Continued
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- 3) To the Water Revenue Debt Service Reserve Account, a sum equal to the Debt Service Reserve Fund Requirement or a debt service reserve fund policy or a surety bond shall be provided by a Bond Issuer in such amount or a letter of credit shall be provided by a bank acceptable to the City in such amount. All amounts paid and credited to this account shall be used solely to prevent any default in the payment of the principal of and interest on the Bonds.
- 4) To the Water Replacement and Improvement Fund, an amount equal to \$25 per month until the account balance aggregates \$750. This account shall be used for making replacements, extensions, and improvements to the Waterworks System, and for the purpose of meeting unforeseen contingencies and emergencies arising in the operation of the Waterworks System of the City.
- 5) The remaining balance in the Waterworks Revenue Fund is to be deposited into the unrestricted Water Contingent Fund. This account shall be used for paying the cost of the operation, maintenance, and repair of the Waterworks System; paying the cost of extending, improving, or making replacements to the Waterworks System; preventing default in, anticipating payments into, or increasing the amounts in the other accounts; paying any gross receipts tax now or hereafter levied by the City; paying the principal or the interest on any subordinate or junior lien bonds; paying any redemption premium due on the bonds; or any other lawful purpose for use by the Waterworks System.

2) Construction Funds

City ordinances also provide that the principal proceeds from the sale of Series 1998 Revenue Bonds and amounts appropriated from the Water Contingent Account shall be held in the Construction Fund, from which they shall be disbursed for the purposes contemplated in these ordinances.

3) Customer Deposits

City ordinances provide that amounts paid by customers as deposits on water meters, construction, and unclaimed meter deposits be held in escrow until such time as they are returned to customers in the form of cash or as a credit on the applicable customer's water bill.

4) Service Line Maintenance

In accordance with a City ordinance, the Water Division collects a \$3.00 (in dollars) per quarter surcharge from flat-rate and metered residential customers having six or less dwelling units. These funds are deposited in the service line maintenance account. This account, including interest earned, is used to pay for the repair of certain portions of the water lines for these customers.

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Notes to Basic Financial Statements, Continued
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(dollars in thousands)

c. Parking Division

Cash and investments restricted in accordance with revenue bond indentures at June 30, 2007 are as follows:

Series 2006, 2002, 1999, and 1996 bonds:		
Debt service reserve	\$	3,975
Debt Service		914
Construction Funds		4,599
Cost of issuance		27
Repair and replacement		2,663
Net project revenues		176
Parking trust—Parking Division accounts		<u>1,490</u>
Total series 2002, 1999, and 1996 bonds		13,844
Series 2003A and 2003B bonds:		
Gross revenues		124
Bond		40
Repair and replacement		29
Operating reserve		100
Redemption		<u>59</u>
Total series 2003A and 2003B bonds		<u>352</u>
	\$	<u><u>14,196</u></u>

The June 30, 2007 restricted assets are required by the Series 2006, 2003A, 2003B, 2002, 1999, and 1996 bond indentures. Descriptions of the above funds required by the Series 2006, 2002, 1999, and 1996 Bond indentures are as follows:

- 1) *Debt service reserve*—Maintains funds from the proceeds of the respective bond series to be available to pay principal of and interest on the respective bonds if other funds are not available.
- 2) *Construction*—Provides for the payment of construction costs to complete the respective projects.
- 3) *Debt Service*—Moneys deposited into this account pay principal and accrued and unpaid interest on the respective bonds.
- 4) *Cost of issuance*—Provides for the payment of costs of issuance incurred in conjunction with the issuance of the bonds.
- 5) *Net project revenues*—Maintains funds used to fund the debt service account.

City of St. Louis, Missouri
Notes to Basic Financial Statements, Continued
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- 6) *Parking Trust*—Parking Division Accounts—Maintains funds transferred from the respective bond account to be available to pay principal and interest on the respective refunded bonds if other funds are not available.
- 7) *Repair and Replacement*—Provides for the repair and upkeep of parking garages.

Descriptions of the funds required by the Series 2003A and 2003B bond indenture are as follows:

- 1) *Gross Revenues*—Maintains revenues resulting from the operations of the Cupples Garage and uses these to pay the operating and debt service costs associated with the Cupples Garage.
- 2) *Bonds*—Moneys deposited into this account pay principal and accrued and unpaid interest on the Series 2003A and 2003B Bonds.
- 3) *Repair and Replacement*—Provides for the repair and upkeep of the Cupples Garage.
- 4) *Operating Reserve*—Maintains operating reserve as required by the Bond indenture.
- 5) *Redemption*—Maintains funds set aside for the future redemption of the Series 2003A and 2003 Bonds.

d. Component Unit—SLDC

Restricted cash and investments at June 30, 2007 are as follows:

Bond funds	\$ <u>2,146</u>
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Cash and investments restricted in accordance with the SLDC Parking Facilities Revenue Refunding Bonds, Series 1999, Bond Indenture consist of a Bond Reserve Account in the amount of \$2,146.

The revenue bond indenture requires that gross operating revenues be paid to the bond trustee for deposit in the parking facility fund. From this fund, the revenues are to be applied by the trustee to various reserve accounts including principal and interest, repair and replacement, and operating reserve up to specified limits.

e. Component Unit—SLPD

SLPD restricted assets of \$704 at June 30, 2007 represent mutual funds restricted in accordance with debt covenants.

City of St. Louis, Missouri
Notes to Basic Financial Statements, Continued
June 30, 2007
(dollars in thousands)

7. CAPITAL ASSETS

a. Primary Government

The following is a summary of changes in capital assets—governmental activities for the year ended June 30, 2007:

	Balance June 30, 2006	Additions	Retirements	Transfers	Balance June 30, 2007
Governmental activities:					
<i>Capital assets not being depreciated:</i>					
Land	\$ 77,352	—	—	—	77,352
Construction in progress	58,603	15,560	—	(20,071)	54,092
Works of art	3,054	—	—	154	3,208
Total capital assets not being depreciated	<u>139,009</u>	<u>15,560</u>	<u>—</u>	<u>(19,917)</u>	<u>134,652</u>
<i>Capital assets being depreciated:</i>					
Buildings	416,059	7,898	(31)	1,978	425,904
Improvements other than buildings	75,380	2,774	—	2,231	80,385
Equipment	98,706	8,872	(2,955)	—	104,623
Infrastructure	435,222	11,648	—	15,708	462,578
Total capital assets being depreciated	<u>1,025,367</u>	<u>31,192</u>	<u>(2,986)</u>	<u>19,917</u>	<u>1,073,490</u>
<i>Less accumulated depreciation for:</i>					
Buildings	110,721	9,567	(31)	—	120,257
Improvements other than buildings	17,552	2,063	—	—	19,615
Equipment	52,822	6,706	(2,432)	—	57,096
Infrastructure	214,628	21,600	—	—	236,228
Total accumulated depreciation	<u>395,723</u>	<u>39,936</u>	<u>(2,463)</u>	<u>—</u>	<u>433,196</u>
Total capital assets being depreciated, net	<u>629,644</u>	<u>(8,744)</u>	<u>(523)</u>	<u>19,917</u>	<u>640,294</u>
Governmental activities capital assets, net	<u>\$ 768,653</u>	<u>6,816</u>	<u>(523)</u>	<u>—</u>	<u>774,946</u>

Construction in progress consists primarily of firehouse renovations, the transportation center, and street and bridge projects.

Included in the governmental activities capital assets is an idle capital asset that the City has determined to be impaired. This capital asset's carrying value is \$4,902 at June 30, 2007. No impairment loss was recognized for the year ended June 30, 2007 as the asset was already carried at the lower of cost or fair market value.

City of St. Louis, Missouri
Notes to Basic Financial Statements, Continued
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The following is a summary of changes in capital assets – business-type activities for the year ended June 30, 2007. Business-type activities for the City include the Airport, Water Division, and Parking Division.

	Balance June 30, 2006	Additions	Retirements	Transfers	Balance June 30, 2007
Business-type activities:					
Combined:					
<i>Capital assets not being depreciated:</i>					
Land	\$ 883,086	12,327	(86,587)	86	808,912
Construction-in-progress	68,195	52,780	—	(43,776)	77,199
Total capital assets not being depreciated	951,281	65,107	(86,587)	(43,690)	886,111
<i>Capital assets being depreciated:</i>					
Buildings and structures	481,851	1,626	(1,356)	7,171	489,292
Equipment	76,502	2,106	(2,241)	561	76,928
Pavings	859,533	125	(1,364)	35,767	894,061
Parking meters and lot equipment	5,797	675	—	—	6,472
Reservoirs	34,513	12	—	—	34,525
Boiler plant equipment	661	—	—	—	661
Pumping equipment	8,868	6	—	6	8,880
Purification basins and equipment	39,932	—	—	185	40,117
Water mains, lines, and accessories	108,932	3,224	(42)	—	112,114
Motor vehicle equipment	8,550	98	(104)	—	8,544
Total capital assets being depreciated	1,625,139	7,872	(5,107)	43,690	1,671,594
<i>Less accumulated depreciation for:</i>					
Buildings and structures	272,492	15,453	(1,213)	—	286,732
Equipment	51,135	3,872	(2,229)	—	52,778
Pavings	197,333	29,668	(1,365)	—	225,636
Parking meters and lot equipment	3,958	463	—	—	4,421
Reservoirs	6,644	665	—	—	7,309
Boiler plant equipment	619	3	—	—	622
Pumping equipment	7,625	161	—	—	7,786
Purification basins and equipment	10,793	775	—	—	11,568
Water mains, lines, and accessories	48,092	1,358	(38)	—	49,412
Motor vehicle equipment	5,065	501	(104)	—	5,462
Total accumulated depreciation	603,756	52,919	(4,949)	—	651,726
Total capital assets being depreciated, net	1,021,383	(45,047)	(158)	43,690	1,019,868
Business-type activities capital assets, net	\$ 1,972,664	20,060	(86,745)	—	1,905,979

Construction-in-progress consists primarily of various improvements at the Airport to the airfield and terminal buildings, as well as property purchased on which the Airport's expansion facilities will be constructed. Additionally, construction-in-progress consists of various improvements to the waterworks system.

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Notes to Basic Financial Statements, Continued
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Within the statement of activities, depreciation expense is charged to functions of the primary government as follows:

Governmental activities:

General government	\$ 5,341
Convention and tourism	4,273
Parks and recreation	3,179
Judicial	341
Streets	23,493
Public safety:	
Fire	1,892
Other	765
Health and welfare	427
Public service	<u>225</u>
Total depreciation expense, governmental activities	<u>\$ 39,936</u>

Business-type activities:

Airport	\$ 46,180
Water Division	4,561
Parking Division	<u>2,178</u>
Total depreciation expense, business-type activities	<u>\$ 52,919</u>

City of St. Louis, Missouri
Notes to Basic Financial Statements, Continued
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b. Component Unit—SLDC

The following is a summary of changes in SLDC capital assets for the year ended June 30, 2007:

	Balance June 30, 2006	Additions	Retirements	Balance June 30, 2007
Capital assets not being depreciated:				
Land	\$ 4,914	—	—	4,914
Total capital assets not being depreciated	<u>4,914</u>	<u>—</u>	<u>—</u>	<u>4,914</u>
Capital assets being depreciated:				
Leasehold improvements	3,000	—	—	3,000
Equipment	658	6	—	664
Parking facilities	18,897	93	—	18,990
Total capital assets being depreciated	<u>22,555</u>	<u>99</u>	<u>—</u>	<u>22,654</u>
Less accumulated depreciation for:				
Leasehold improvements	1,100	200	—	1,300
Equipment	643	8	—	651
Parking facilities	9,201	610	—	9,811
Total accumulated depreciation	<u>10,944</u>	<u>818</u>	<u>—</u>	<u>11,762</u>
Total capital assets being depreciated, net	<u>11,611</u>	<u>(719)</u>	<u>—</u>	<u>10,892</u>
SLDC capital assets, net	<u>\$ 16,525</u>	<u>(719)</u>	<u>—</u>	<u>15,806</u>

City of St. Louis, Missouri
Notes to Basic Financial Statements, Continued
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c. Component Unit—SLPD

The following represents a summary in SLPD's capital assets for the year ended June 30, 2007:

	Balance June 30, 2006	Additions	Retirements	Balance June 30, 2007
<i>Capital assets not being depreciated:</i>				
Land	\$ 1,646	—	—	1,646
Total capital assets not being depreciated	<u>1,646</u>	<u>—</u>	<u>—</u>	<u>1,646</u>
<i>Capital assets being depreciated:</i>				
Buildings and improvements	39,702	298	—	40,000
Furniture, fixtures, and other equipment	3,035	1,535	436	4,134
Automotive equipment	9,839	2,085	1,263	10,661
Communications equipment	4,495	1,918	15	6,398
Computers and software	3,177	282	293	3,166
Aircraft	258	—	258	—
Total capital assets being depreciated	<u>60,506</u>	<u>6,118</u>	<u>2,265</u>	<u>64,359</u>
<i>Less accumulated depreciation for:</i>				
Buildings and improvements	16,670	731		17,401
Furniture, fixtures, and other equipment	2,137	575	424	2,288
Automotive equipment	7,192	1,692	1,216	7,668
Communications equipment	4,044	199	14	4,229
Computers and software	2,097	499	294	2,302
Aircraft	254	4	258	—
Total accumulated depreciation	<u>32,394</u>	<u>3,700</u>	<u>2,206</u>	<u>33,888</u>
Total capital assets being depreciated, net	<u>28,112</u>	<u>2,418</u>	<u>59</u>	<u>30,471</u>
SLPD capital assets, net	<u>\$ 29,758</u>	<u>2,418</u>	<u>59</u>	<u>32,117</u>

City of St. Louis, Missouri
Notes to Basic Financial Statements, Continued
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d. Component Unit—SWMDC

	Balance June 30, 2006	Additions	Retirements	Balance June 30, 2007
<i>Capital assets being depreciated:</i>				
Infrastructure	\$ 8,056	—	—	8,056
Total capital assets being depreciated	8,056	—	—	8,056
<i>Less accumulated depreciation for:</i>				
Infrastructure	2,665	254	—	2,919
Total accumulated depreciation	2,665	254	—	2,919
SWMDC capital assets, net	\$ 5,391	(254)	—	5,137

8. COMPONENT UNIT—SLDC PROPERTY HELD FOR DEVELOPMENT

SLDC property held for development consists primarily of land and property held for sale or other development purposes. This land and property is reported in SLDC's financial statements based on management's intent of ultimate disposition of the property. Proceeds received upon the sale of most of these properties will revert back to the funding source. At June 30, 2007, SLDC has established a reserve for impairment of \$5,841 on its properties held for development.

9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	Vendors	Contracts and retainage payable	Total
Governmental activities:			
General fund	\$ 5,344	17	5,361
Capital projects fund	3,297	2,236	5,533
Grants fund	6,827	—	6,827
Other governmental funds	1,703	51	1,754
Internal service	261	—	261
Total governmental activities	\$ 17,432	2,304	19,736
Business-type activities:			
Airport	\$ 5,741	13,858	19,599
Water Division	2,415	—	2,415
Parking Division	99	—	99
Total business-type activities	\$ 8,255	13,858	22,113

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Notes to Basic Financial Statements, Continued
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10. RETIREMENT PLANS

The City contributes to three defined benefit retirement plans. The Firemen's Retirement System of St. Louis (Firemen's System) and the Police Retirement System of St. Louis (Police System) are single – employer plans. The Employees' Retirement System of the City of St. Louis (Employees' System) is a cost-sharing multiple-employer plan. However, due to the City's participation in the Employees' System being greater than 99% of the total participation of all employers, the disclosures provided for the Employees' System are those for a single-employer plan. Each system is administered by a separate board of trustees, who are partially appointed by City officials, plan participants, and the governor of the State (Police System only). For financial reporting purposes, these retirement systems are included as fiduciary pension trust funds of the City. Financial information for these funds has been included within the accompanying basic financial statements as of each System's fiscal year-end, which falls within the City's current fiscal year-end as follows:

<u>System</u>	<u>System Fiscal Year-end</u>
Firemen's	September 30, 2006
Police	September 30, 2006
Employees'	September 30, 2006

a. Firemen's Retirement System of St. Louis

1) System Description

All firefighters qualify as members of the Firemen's System and are thereby eligible to participate from their date of hire.

The Firemen's System issues a publicly available financial report that includes financial statements and supplementary information. That information may be obtained by writing to the Firemen's Retirement System of St. Louis, 1601 South Broadway, St. Louis, Missouri, 63104.

The Firemen's System provided retirement benefits as well as death and disability benefits. Members can voluntarily retire after a minimum of 20 years of service. The monthly allowance consists of 40% of the final two-year average monthly compensation at 20 years of service, plus 2% of such final average compensation for each of the next five years of service, plus 5% of final average compensation for each additional year of service over 25 years with a maximum pension of 75%. Unused accrued sick pay may increase the maximum pension beyond the 75% limitation. Such benefits are authorized by State statutes and adopted by City ordinance.

The Firemen's System, in accordance with Ordinance 62994 of the City, initiated during the Firemen's System's fiscal year ended August 31, 1994, the Deferred Retirement Option Plan (DROP). The DROP option is available to members of the Firemen's System who have achieved at least 20 years of creditable service and have achieved eligibility for retirement. Those members who elect to participate will continue active employment, will have a service retirement allowance credited monthly into the DROP account of the member, and the member's contribution will be reduced to 1% from the normal 8%. During participation in the DROP, the member will not receive credit for City contributions or credit for service. A member may

City of St. Louis, Missouri
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participate in the DROP only once for any period up to five years. At retirement, the funds in the member's DROP account plus interest and accrued sick leave, if elected, is available to the member in a lump sum or in installments.

2) Funding Policy

Covered members contribute 8% of their salary to the Firemen's System, as mandated per the State statute and adopted by City ordinance. The City is required to contribute the remaining amounts necessary to fund the Firemen's System. Members of the Firemen's System are entitled to a lump-sum distribution of the entire amount of their contribution without interest upon service retirement. Members whose employment terminates prior to retirement are entitled to a lump-sum distribution of their contribution, plus interest thereon.

3) Annual Pension Cost and Net Pension Asset (Obligation)

The City's annual pension cost and net pension obligation to the Firemen's System for the year ended June 30, 2007 are as follows:

Annual required contribution	\$ (17,871)
Interest on net pension asset	228
Adjustment to annual required contribution	(256)
Annual pension cost	<u>(17,899)</u>
Contributions made	4,110
Decrease in net pension asset	<u>(13,789)</u>
Net pension asset, beginning of year	2,990
Net pension obligation, end of year	<u><u>\$ (10,799)</u></u>

The net pension obligation of \$(10,799) as of June 30, 2007 is reflected as a long-term liability within governmental activities in the government-wide financial statements.

Historical trend information about the City's participation in the Firemen's System is presented below to help readers assess the Firemen's System's funding status on a going-concern basis and assess progress being made in accumulating assets to pay benefits when due.

Fiscal Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Asset (Obligation)
2007	\$ 17,899	23 %	\$ (10,799)
2006	14,896	28	2,990
2005	9,926	21	13,776

City of St. Louis, Missouri
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Significant actuarial assumptions used in the valuation of the Firemen's System are as follows:

Date of actuarial valuation	October 1, 2006
Actuarial cost method	Entry age-frozen liability method
Amortization method	30 year closed period from establishment
Remaining amortization period	Various
Asset valuation method	3-year smooth market
Inflation rate	3.500%, per year
Investment rate of return	7.625%, compounded annually
Projected salary increases	4.000%, per year to retirement age
Projected postretirement benefit increases:	
Under age 60:	
20-24 service years	1.5%, per year
25-29 service years	2.25%, per year
30 or more service years	3.0%, per year
Over age 60	3.000% with a maximum of 25% in increases after age 60

4) Lawsuit

The Firemen's System filed lawsuits against the City and the Board of Estimate and Apportionment to require the City to contribute the actuarially determined annual contribution for the Firemen's System for the City's 2004, 2005, 2006, and 2007 fiscal years. The City received an unfavorable ruling in the initial court proceedings relative to the fiscal year 2004 suit, and appealed the decision. In August 2006, the Missouri Court of Appeals affirmed the lower court's decision but transferred the case to the Missouri Supreme Court (Supreme Court). On March 13, 2007, the Supreme Court affirmed the judgments of the Circuit Court.

In response to the judgments, the Board of Aldermen had authorized and approved the issuance and sale of bonds for the purpose of paying certain judgments and other amounts in connection with the Firemen's System.

b. Police Retirement System of St. Louis

1) System Description

All persons who become police officers and all police officers that enter or reenter SLPD after October 1, 1957 become members of the Police System and are thereby eligible to participate from their date of hire. The Police System issues a publicly available financial report that includes financial statements and supplementary information. That information may be obtained by writing to the Police Retirement System of St. Louis; 2020 Market Street, St. Louis, Missouri 63103.

The Police System provides retirement benefits as well as death and disability benefits. Members can voluntarily retire after a minimum of 20 years of service or attaining age 55. The monthly allowance consists of 40% of the two-year average final compensation for the first 20

City of St. Louis, Missouri
Notes to Basic Financial Statements, Continued
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years of services, plus 2% of such final average compensation for each of the next five years of service, plus 4% of average final compensation for each additional year of service after 25 years up to a maximum of 30 years. The monthly allowance of members who have in excess of 30 years of service is increased by 5%. The maximum pension is 75% of average final compensation. Such benefits are established by the State statute.

The Police System implemented a DROP feature during the Police System's fiscal year ended September 30, 1996. The DROP option is available to members of the Police System who have at least 20 years of creditable service and have achieved eligibility for retirement. Those members who elect to participate will continue active employment, will have a service retirement allowance credited monthly in the DROP account, and will no longer make contributions to the Police System. During participation in the DROP, the member will not receive credit for service and the member shall not share in any benefit improvement that is enacted or becomes effective while such member is participating in the DROP. A member may participate in the DROP only once for any period up to five years, at which point the member may reenter the Police System. At retirement, the funds in the member's DROP account plus interest is available to the member in a lump sum or in installments.

2) Funding Policy

Police officers are required to contribute 7% of their compensation to the Police System per State statute. The City is required to contribute the remaining amounts necessary to fund the Police System, determined in accordance with City ordinances. Upon leaving employment due to service retirement, death, or disability due to an accident in the actual performance of duty, the member's contributions are refunded. Members whose employment terminates prior to retirement are entitled to a lump-sum distribution of their contribution plus interest thereon.

3) Annual Pension Cost and Net Pension Obligation

The City's annual pension cost and net pension obligation to the Police System for the year ended June 30, 2007 are as follows:

Annual required contribution	\$	(17,281)
Interest on net pension obligation		(1,490)
Adjustment to annual required contribution		2,267
Annual pension cost		<u>(16,504)</u>
Contributions made		8,093
Increase in net pension obligation		<u>(8,411)</u>
Net pension obligation beginning of year		(19,223)
Net pension obligation end of year	\$	<u><u>(27,634)</u></u>

The net pension obligation of \$(27,634) is reflected as a long-term liability within governmental activities in the government-wide financial statements.

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Historical trend information about the City's participation in the Police System is presented below.

Fiscal Year		Annual Pension Cost (APC)	Percentage of APC Contributed			Net Pension Obligation
2007	\$	16,504	49	%	\$	(27,634)
2006		14,418	56			(19,223)
2005		11,485	35			(12,898)

Significant actuarial assumptions used in the valuation of the Police System are as follows:

Date of actuarial valuation	October 1, 2006
Actuarial cost method	Aggregate cost method (this method does not identify or separately amortize unfunded actuarially accrued liabilities)
Asset valuation methods	5-year smoothed average of market value
Inflation rate	3.00%, per year
Investment rate of return	7.75%, per year
Projected salary increases	3.50 – 7.00%, varying by age
Projected postretirement benefit increases	3.00% maximum per year, cumulative 30% cap

4) Lawsuit

The Police System filed lawsuits against the City and the Board of Estimate and Apportionment to require the City to contribute the actuarially determined annual contribution for the Police System for the City's 2004, 2005, 2006 and 2007 fiscal years. The City received an unfavorable ruling in the initial court proceedings relative to the fiscal year 2004 suit, and appealed the decision. In August 2006, the Missouri Court of Appeals affirmed the lower court's decision but transferred the case to the Missouri Supreme Court (Supreme Court). On March 13, 2007, the Supreme Court affirmed the judgments of the Circuit Court.

In response to the judgments, the Board of Aldermen had authorized and approved the issuance and sale of bonds for the purpose of paying certain judgments and other amounts in connection with the Police System.

City of St. Louis, Missouri
Notes to Basic Financial Statements, Continued
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c. Employees Retirement System of the City of St. Louis

1) System Description

All non-uniformed employees of the City and certain other public entities funded by or providing services to residents of the City become members of the Employees Retirement System upon employment with the exception of employees hired after attaining age 60.

The Employees System issues a publicly available financial report that includes financial statements and supplementary information. That report may be obtained by writing to the Employees' Retirement System of the City of St. Louis; 1114 Market Street, Suite 900; St. Louis, Missouri 63101.

The Employees System provides for defined benefit payments for retirement, death, or disability to eligible employees or their beneficiaries based upon creditable service, final average compensation, and a benefit compensation base. Benefits vest with employees covered by the Employees System after the employee has attained five years of creditable service. Employees retire with full retirement benefits after the age of 65 or if the employee's age and creditable service combined equal or exceed 85. Employees may retire and receive a reduced benefit after age 60 with five years of creditable service; age 55 with at least 20 years of creditable service; or at any age with 30 years of creditable service.

On June 8, 2000, the Mayor of the City approved an ordinance passed by the Board of Aldermen, Authorizing a Deferred Retirement Option Plan (DROP), which became effective January 1, 2001. This plan states that when members reach retirement age, they are allowed to work for five additional years and defer receipt of their retirement allowance. The calculation of average salary for retirement benefits will not include the additional years of service after normal retirement age. The amount that would have been received as retirement benefit is put in a special DROP account monthly. The DROP account will not be adjusted for cost of living increases as the normal retirement benefits are. The DROP account earns interest at the actuarial valuation rate of return and at the 10 year U.S. Treasury Bond yield as of September 30 for DROP participants enrolling February 1, 2003 and thereafter. After the member completely terminates employment, the member can withdraw amounts from the DROP account in a lump sum or according to a deferred retirement payment plan.

2) Funding Policy

Employer contribution rates are established annually by the Board of Trustees based on an actuarial study. The Board of Trustees established the required employer contributions rate based on active member payroll of 13.17% effective July 1, 2006 and 13.19% of active member payroll effective July 1, 2005. The City contributed 6% of active member payroll beginning July 2003 through the present.

Employees who became members of the Employees System prior to October 14, 1977, and continued to make contributions, may make voluntary contributions to the Employees System equal to 3% of their compensation until the employee's compensation equals the maximum

City of St. Louis, Missouri
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annual taxable earnings under the Federal Social Security Act. Thereafter, employees may contribute 6% of their compensation for the remainder of the calendar year. These voluntary contributions vest immediately.

3) Annual Pension Cost and Net Pension Obligation

The City's annual pension cost and net pension obligation to the Employees System for the year ended June 30, 2007 are as follows:

Annual required contribution	\$ (29,478)
Interest on net pension obligation	(4,883)
Adjustment to annual required contribution	5,422
Annual pension cost	<u>(28,939)</u>
Contributions made	<u>14,953</u>
Increase in net pension obligation	(13,986)
Net pension obligation, beginning of year	<u>(61,034)</u>
Net pension obligation, end of year	<u><u>\$ (75,020)</u></u>

The net pension obligation of \$(75,020) is reflected as a long-term liability within the accompanying basic financial statements as follows:

Governmental activities	\$ (53,867)
Business-type activities	(14,036)
Component unit—SLPD	<u>(7,117)</u>
	<u><u>\$ (75,020)</u></u>

Historical trend information about the City's participation in the Employees System is presented below.

Fiscal Year		Annual Pension Cost (APC)	Percentage of APC Contributed		Net Pension Obligation
2007	\$	28,939	52 %	\$	(75,020)
2006		28,824	53		(61,034)
2005		30,665	42		(47,358)

City of St. Louis, Missouri
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Significant actuarial assumptions used in the valuation of the Employees' System are as follows:

Date of actuarial valuation	October 1, 2006
Actuarial cost method	Projected unit credit cost method
Amortization method	Level dollar amount for unfunded liability, open
Remaining amortization period	30 years as of October 1, 2006
Actuarial value of assets	The market value of assets less unrecognized returns in each of the last five years, but no earlier than October 1, 2005. Initial unrecognized return is equal to the difference between the actual market return and expected market return, and is recognized over a five-year period. The actuarial asset value is further adjusted, if necessary, to be within 20% of the market value. The actuarial asset value was initialized at the market value as of October 1, 2005.
Investment rate of return	8.00%
Projected salary increases	varies by age, ranging from 3.825% to 7.226%
Projected postretirement benefit increases	5.00% per year, maximum cumulative increase of 25%.

4) Lawsuit

Due to the Supreme Court's ruling in the lawsuits filed by the Firemen's and Police Retirement System, the Employees' System declared notice of its intent to seek similar court judgments for alleged shortfalls in the City's funding of the Employees System for fiscal years 2004 through 2007.

In response, the Board of Aldermen had authorized and approved the issuance and sale of bonds for the purpose of paying certain judgments and other amounts in connection with the Employees' System.

d. Component Unit—SLDC

The SLDC Employees Retirement Plan and Trust (SLDC plan) is a defined contribution plan and became effective January 1, 1989. Required year-ended June 30, 2007 contributions of \$274, which amount to 9% of current covered payroll, were made by SLDC. For the year ended June 30, 2007, SLDC's current covered payroll was \$3,046 and total payroll amounted to \$3,255. Employees are not required to contribute to the SLDC Plan; however, they can contribute up to 5 ½ % of their monthly compensation if they so elect. In order to be eligible under the SLDC Plan, the participant must be a full-time employee, have attained the age of 18, and have completed at least six months of active service. The employees vest at a rate of 33% per annum with full vesting occurring after the end of their third year of service. The SLDC Plan does not hold any employer or related-party securities. All plan investments are self-directed by the respective plan participants, within the limitations of the plan.

City of St. Louis, Missouri
Notes to Basic Financial Statements, Continued
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11. COMPONENT UNIT—SLPD POSTEMPLOYMENT HEALTHCARE AND LIFE INSURANCE

SLPD is obligated under Chapter 84.160 RSMo to provide healthcare and life insurance benefits for former civilian and commissioned employees who retired subsequent to 1969. Currently, SLPD provides healthcare insurance for 1,309 retirees, while 1,399 retirees were provided life insurance benefits. Under the life insurance plan, retirees are obligated to pay 12.6 cents for every \$1,000 (in dollars) of coverage on a monthly basis. SLPD covers healthcare and other life insurance benefits for participants. These costs are accounted for on a pay-as-you-go basis and the cost to SLPD of providing these benefits to retirees was \$4,272 (in dollars) per retiree for healthcare and \$10 (in dollars) per retiree for life insurance for the fiscal year ending June 30, 2007.

12. DEFERRED COMPENSATION PLAN

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all City and SLPD employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are (until paid or made available to the employees or other beneficiary) held in trust for the exclusive benefit of the employees. As such, the trust account and related liability are not included in the basic financial statements.

13. LONG-TERM LIABILITIES

a. Changes in Long-Term Liabilities

Following is a summary of the changes in long-term liabilities for the year ended June 30, 2007:

City of St. Louis, Missouri
Notes to Basic Financial Statements, Continued
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	Balance June 30, 2006	Additions	Reductions	Balance June 30, 2007	Due Within One Year
Governmental activities:					
General obligation bonds payable	\$ 45,220	13,000	(3,400)	54,820	3,945
Section 108 Loan Guarantee					
Assistance Programs	63,670	—	(4,850)	58,820	2,740
Federal Financing Bank advances	725	—	(45)	680	50
Tax increment financing bonds					
and notes payable	69,786	55,158	(10,693)	114,251	4,079
Master note purchase agreement	81	—	(15)	66	—
Loan agreement with Missouri					
Department of Natural Resources	1,917	—	(459)	1,458	481
Loan agreement with Metro	1,000	—	(1,000)	—	—
Capital lease—rolling stock	7,206	6,014	(2,325)	10,895	2,046
Capital leases—obligations with					
component units	50,595	—	(440)	50,155	465
Leasehold revenue improvement and					
refunding bonds	323,469	27,725	(42,370)	308,824	25,381
Joint venture financing agreement	67,323	65,116	(67,323)	65,116	4,088
Unamortized discounts, premiums,					
and deferred amounts on refunding	(986)	(15)	(152)	(1,153)	—
Net pension obligation	62,711	29,589	—	92,300	—
Accrued vacation, compensatory,					
and sick time benefits	25,843	18,719	(17,073)	27,489	18,142
Landfill closure	228	7	(115)	120	120
Firemen's overtime payable	—	1,148	—	1,148	—
Claims and judgments payable	17,019	12,942	(13,617)	16,344	10,730
Governmental activities long-term					
liabilities	<u>\$ 735,807</u>	<u>229,403</u>	<u>(163,877)</u>	<u>801,333</u>	<u>72,267</u>

Effective January 1, 2007, Missouri State Statutes, Section 290 revised the method in which overtime compensation is paid. Currently there is question as to how overtime earned by personnel of the fire department are effected by the change. Until the issue is solved by the court system, a long-term liability has been established.

Internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities for them are included as part of the above totals for governmental activities. Also, for the governmental activities claims and judgments payable, accrued vacation, compensatory and sick leave benefits, net pension obligations, and landfill closure costs are generally liquidated by the general fund.

City of St. Louis, Missouri
Notes to Basic Financial Statements, Continued
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	Balance June 30, 2006	Additions	Reductions	Balance June 30, 2007	Due Within One Year
Business-type activities:					
Airport:					
Revenue bonds payable	\$ 861,085	336,010	(353,175)	843,920	25,090
Net pension obligation	6,244	1,340	—	7,584	—
Other	1,650	—	(615)	1,035	—
Accrued vacation, compensatory, and sick time benefits	5,173	3,813	(3,325)	5,661	5,661
Unamortized discounts, premiums, and deferred amounts on refunding	15,769	6,365	(308)	21,826	—
Total Airport	889,921	347,528	(357,423)	880,026	30,751
Water Division:					
Revenue bonds payable	31,820	—	(2,645)	29,175	2,850
Customer deposits	1,904	484	—	2,388	—
Net pension obligation	4,070	827	—	4,897	—
Other	343	—	(53)	290	—
Accrued vacation, compensatory, and sick time benefits	3,195	1,740	(1,561)	3,374	3,374
Unamortized discounts, premiums, and deferred amounts on refunding	(1,117)	—	233	(884)	—
Total Water Division	40,215	3,051	(4,026)	39,240	6,224
Parking Division:					
Revenue bonds payable	64,537	57,900	(52,317)	70,120	1,475
Net pension obligation	1,290	265	—	1,555	—
Accrued vacation, compensatory, and sick time benefits	195	275	(299)	171	171
Unamortized discounts, premiums, and deferred amounts on refunding	(2,376)	(6,348)	2,498	(6,226)	—
Total Parking Division	63,646	52,092	(50,118)	65,620	1,646
Business-type activities long-term liabilities	\$ 993,782	402,671	(411,567)	984,886	38,621

b. General Obligation Bonds

In June 1999, the City issued \$65,000 Public Safety General Obligation Bonds, Series 1999. The series consisted of \$64,305 current interest serial bonds due in the years 2000 through 2008 and 2010 through 2019 with rates ranging from 4% to 5.125%. The 2009 maturity is entirely capital appreciation bonds in the amount of \$695 sold to yield 5.15% and mature at \$3,655 (collectively, the Series 1999 bonds). The proceeds of the Series 1999 bonds were to be used as follows: (i) \$44,000 for new fire equipment, new fire communication equipment, reconstruction and renovation of various existing fire houses, and new construction of fire houses; (ii) \$10,000 for new police laboratory equipment, reconstruction, and renovation of existing police buildings, and; (iii) \$11,000 for demolition and abatement of various abandoned or condemned buildings under the control of the City. The Series 1999 bonds are payable from ad valorem taxes to be levied without limitation as to rate or

City of St. Louis, Missouri
Notes to Basic Financial Statements, Continued
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amount upon all taxable, tangible property, real, and personal property within the City. The principal and interest on the Series 1999 bonds is guaranteed under a municipal bond new issue insurance policy issued by Financial Guaranty Insurance Company. Principal payments are made from other governmental funds.

On June 15, 2005, the City issued \$37,555 in General Obligation Refunding Bonds, Series 2005, with an average interest rate of 4.48% to refund \$37,710 in outstanding Series 1999 General Obligation Bonds with an average interest rate of 5.09%. The net proceeds of \$39,621 (after the addition of a \$2,645 premium and less a payment of \$550 in issuance costs and a \$29 discount), along with \$642 of City funds, were deposited with the Escrow Agent to be applied on June 16, 2005 to the redemption of the Series 1999 bonds. After the refunding transaction, \$10,215 in current interest Series 1999 bonds and \$695 in capital appreciation Series 1999 bonds remained outstanding.

The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$1,911. This difference, reported in the accompanying financial statements as a reduction of bonds payable, is being charged to operations through year 2019 using the straight-line method, which approximates the effective interest method.

In November 2006, the City issued \$13,000 General Obligation Bonds, Series 2006. The series consists of current interest serial bonds due 2008 through 2026 with rates ranging from 3.75% to 4.2%. The Series 2006 bonds were issued for the purpose of providing funds to (i) replace, improve, and maintain the City's radio system used by the Police Department, Fire Department, Emergency Medical Services, and other City departments; (ii) reconstruct, repair, and improve major streets, bridges, and the City's flood wall where federal funding is available and local funding is required. The City shall levy an ad valorem tax on all taxable, tangible property in the City, without limit as to rate or amount, for the payment of the principal of and interest on the Series 2006 bonds. The principal and interest on the Series 2006 bonds is guaranteed under a municipal bond new issue insurance policy issued by MBIA Insurance Corporation. Principal payments are made from other governmental funds.

Principal and interest requirements are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year ending June 30:			
2008	\$ 3,945	2,376	6,321
2009	1,085	5,146	6,231
2010	3,490	2,171	5,661
2011	3,615	2,056	5,671
2012	3,730	1,940	5,670
2013 – 2017	21,475	6,985	28,460
2018 – 2022	13,050	2,098	15,148
2023 – 2026	4,430	475	4,905
	<u>\$ 54,820</u>	<u>23,247</u>	<u>78,067</u>

City of St. Louis, Missouri
Notes to Basic Financial Statements, Continued
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c. Section 108 Loan Guarantee Assistance Programs

During 2001, the City entered into contracts with the U.S. Department of Housing and Urban Development for Section 108 loan guarantee assistance for the following maximum amounts:

- \$50,000 for Downtown Convention Headquarters Hotel project
- \$20,000 for Darst-Webbe Housing Redevelopment project
- \$10,000 for neighborhood projects

During 2001, the City issued a note in the amount of \$50,000 for the Downtown Convention Headquarters Hotel project. Additionally, during 2001, the City received \$5,000 in an advance funding draw for the Darst-Webbe Housing Redevelopment project. The \$50,000 note is intended to spur redevelopment in the downtown area. The \$50,000 note is a 20-year note at a variable rate of interest. The \$5,000 received during 2001 was an advance funding draw note related to the \$20,000 Darst-Webbe Housing Redevelopment project. During 2002, the City finalized each of the three loans at fixed rates ranging from 3.66% to 6.62%, and received the remaining \$15,000 draw for the Darst-Webbe Housing Redevelopment project, as well as the \$10,000 funding for neighborhood projects. The Darst-Webbe note is a 20-year note with final payment due in fiscal 2021.

The five-year, \$10,000 note for neighborhood improvement projects will be used for housing rehabilitation, land acquisition, capital improvements, commercial district improvements, and public improvements. Final payment was made during fiscal 2007.

Principal and interest requirements for the combined Section 108 program notes are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year ending June 30:			
2008	\$ 2,740	3,557	6,297
2009	2,920	3,402	6,322
2010	3,110	3,234	6,344
2011	3,300	3,051	6,351
2012	3,500	2,855	6,355
2013 – 2017	21,090	10,701	31,791
2018 – 2021	22,160	3,023	25,183
	<u>\$ 58,820</u>	<u>29,823</u>	<u>88,643</u>

d. Federal Financing Bank Advances

Federal Financing Bank Advances represent promissory notes issued by the Federal Financing Bank to the City for redevelopment projects. These notes were issued under Section 108 of the Housing and Community Development Act of 1974. Interest is payable semiannually based on rates established by the secretary of the treasury on the dates the notes are made. These notes and the related interest will be repaid from intergovernmental revenues of the grants fund. In 1997, the City signed a new contract and loan agreement under Section 108 in the amount of \$1,000. The proceeds were used to fund a portion of a multi-modal distribution center, which integrates trucking, railway, and waterway

City of St. Louis, Missouri
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transportation and distribution channels. The loan initially consisted of 20 variable rate notes, due in July of each year, to be retired over the 20 years ending July 2016. Interest, payable semiannually and calculated monthly, is based on the variable rate of LIBOR plus 0.2%. In October 1997, the notes were changed to fixed rates with interest due in February and August of each year. The notes currently bear interest at rates ranging from 5.87% to 7.08%.

Principal and interest requirements are as follows:

	Principal	Interest	Total
Year ending June 30:			
2008	\$ 50	45	95
2009	50	42	92
2010	55	38	93
2011	60	35	95
2012	65	30	95
2013 – 2017	400	74	474
	<u>\$ 680</u>	<u>264</u>	<u>944</u>

e. Tax Increment Financing Bond and Notes Payable

In 1991, the City issued \$15,000 in tax increment financing (TIF) bonds (Series 91 TIF Bonds) to provide funds to enable the City to acquire certain land and, upon such land, among other things, to widen and improve an existing street. Other governmental funds are used to account for the revenues, expenditures, including debt service, and other activities related to the Series 91 TIF Bonds. The Series 91 TIF Bonds constitute special obligations of the City, and are payable from payments in lieu of taxes from owners or property within the Scullin Redevelopment Tax Increment Financing Area (the 91 Area). In the event these payments are not sufficient to meet the debt service requirements, the Series 91 TIF Bonds are payable, first, from the additional tax revenue generated by increases in economic activities in the 91 Area, other than personal property tax revenue, and, second, from any moneys legally available in the City's general fund. During 2006, \$620 of payments in lieu of taxes and \$679 in economic activity taxes were received. The Series 91 TIF Bonds bear interest at the rate of 10% per year, mature on August 1, 2010, and are subject to mandatory redemption prior to maturity.

In 2007, the City issued \$16,961 Taxable Tax Increment Financing Revenue Notes (600 Washington Redevelopment Project 1 One City Centre Component) Series 2007 (Series 2007 TIF Notes). The Series 2007 TIF Notes constitute special obligations of the City, and are payable from (a) certain moneys on deposit in the Special Allocation Fund (payments in lieu of taxes, economic activity tax revenue), (b) Municipal Revenues and (c) City Revenues, which constitute other legally available funds of the City's general fund in the amount equal to pay the principal and interest on the TIF note. Payments commence on March 1, 2008. The Series 2007 TIF Notes bear interest at the rate of 6.75% per year, mature on September 1, 2029, and are subject to mandatory redemption prior to maturity.

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Additionally, from time to time, the City issues tax increment financing bonds and notes payable to developers in conjunction with various redevelopment projects throughout the City. These are special limited obligations of the City, payable solely from the payments in lieu of taxes and increased economic activity taxes generated by the redevelopment areas. No other City moneys are pledged to repay these bonds and notes and, should these financing sources be insufficient to repay the bonds and notes prior to their stated maturity dates, the City's obligation under the bonds and notes will cease. As of June 30, 2007, the City had \$114,251 in TIF bonds and notes payable outstanding, at interest rates ranging from 5.5% to 10.0%, payable in various installments through 2029. The City issued \$55,158 in TIF bonds and notes payable during fiscal year 2007.

Principal and interest requirements for the tax increment financing debt issues are as follows:

	General Fund Backed TIF Bonds and Notes		Additional TIF Bonds and Notes	
	Principal	Interest	Principal	Interest
Year ending June 30:				
2008	\$ 1,275	1,835	2,804	6,288
2009	1,405	1,536	2,995	6,097
2010	1,545	1,389	3,200	5,893
2011	1,665	1,228	3,419	5,674
2012	—	1,145	3,653	5,440
2013 – 2017	—	5,724	20,236	23,286
2018 – 2022	221	5,724	26,772	15,558
2023 – 2027	1,893	5,439	26,561	5,936
2028 – 2029	14,847	2,420	1,760	133
	<u>\$ 22,851</u>	<u>26,440</u>	<u>91,400</u>	<u>74,305</u>

f. Master Note Purchase Agreement

In February 2000, the SLMFC, the City, and the Federal National Mortgage Association (Fannie Mae) entered into a Master Note Purchase Agreement (Series 2000 Note) to provide a low-interest, second mortgage for use as down payment and/or to pay other purchase costs to those who buy a single family residence in the City. The City provided a deposit of \$250 into a note reserve account and SLMFC pledged all payments of interest and principal from the homeowners as payment for the Fannie Mae \$1,250 loan. The SLMFC obligation is limited to the moneys in the various accounts established by the agreement including the note reserve account. A trustee holds the loan proceeds to be used exclusively for the City of St. Louis Homebuyers Incentive Program (CHIPS). The program is designed to provide funding to assist homebuyers with a down payment and closing costs associated with the purchase of a home. The loan bears interest at the rate of 8.27% per annum and will mature on March 1, 2011 subject to prepayment based on the payment of the second loans to homeowners.

In November 2001, the SLMFC, the City, and Fannie Mae amended the Series 2000 Note. Under the amendment, Fannie Mae purchased a Series 2001 Note in the amount of \$460 from SLMFC. The amendment required the City to provide an additional deposit of \$130 into a Series 2001 Note reserve

City of St. Louis, Missouri
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account, and required SLMFC to pledge all payments of principal and interest from the homeowners as payment for the Series 2001 Note. A portion of the proceeds of the Series 2001 Note, along with a portion of the Series 2000 Note reserve account, was used to prepay a portion of the Series 2000 Note in the amount of \$650. A portion of the Series 2001 Note provided additional funds for the CHIPS. The Series 2001 Note bears interest at the rate of 5.21% per annum and will mature on December 1, 2012, subject to prepayment based upon the payment of the second loans to homeowners. As of June 30, 2007, the balance of the note outstanding is \$66.

g. Loan Agreement with Missouri Department of Natural Resources (DNR)

In July 2001, the City agreed to enter into a loan agreement with the DNR pursuant to the Missouri Energy Efficiency Leveraged Loan Program in the amount of \$2,000 at an annual interest rate of 4.35%. The proceeds of the loan are to be used to complete energy conservation measures designated as approved by the DNR. During fiscal year 2004, the City made draws of \$1,953 against the loan agreement. The purpose of this funding is to convert signal lights to LED fixtures resulting in a projected savings of \$395 per year in electricity costs.

In April 2003, the City agreed to enter into a second loan agreement with the DNR pursuant to the Missouri Energy Efficiency Leveraged Loan Program in the amount of \$1,613 at an annual interest rate of 2.95%. The proceeds of the loan are to be used to complete energy conservation measures designated as approved by the DNR.

In December 2005, the City entered into another agreement with the Missouri DNR (pursuant to the Energy Efficiency Leverage Loan Program) for the amount of \$782 of which \$9 was loan origination fee and the remaining \$773 was the actual proceeds. The proceeds will be utilized for the purchase and installation of signal and walk lights throughout various locations in the City. The payments are due in semi-annual installments from 2007 to 2013 with an annual interest rate of 2.85%.

Principal and interest requirements under the loan agreement with the DNR are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year ending June 30:			
2008	\$ 481	47	528
2009	499	28	527
2010	158	13	171
2011	125	8	133
2012	127	5	132
2013	68	1	69
	<u>\$ 1,458</u>	<u>102</u>	<u>1,560</u>

h. Loan Agreement With Metro

In July 2004, the City entered into an agreement with Bi-State Development Agency of Missouri-Illinois Metropolitan District doing business as Metro. The agreement provided for Metro to advance the City \$1,000, interest free, for the replacement of the Landowne Bridge over River Des Peres. The City repaid Metro on December 31, 2006 by appropriating funds in fiscal years 2005 and 2006.

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i. Component Unit—SLDC Long-Term Liabilities

The following is a summary of changes in long-term liabilities for SLDC for the year ended June 30, 2007:

	Balance June 30, 2006	Additions	Reductions	Balance June 30, 2007	Due Within One Year
Due to other governmental agencies	\$ 8,785	3,991	2,363	10,413	3,785
Notes payable	2,073	2,364	—	4,437	—
Other liabilities	3,743	4,182	2,106	5,819	1,587
Revenue bonds	12,775	—	310	12,465	335
	<u>\$ 27,376</u>	<u>10,537</u>	<u>4,779</u>	<u>33,134</u>	<u>5,707</u>

Maturities on notes payable are as follows:

	Principal	Interest	Total
Year ending June 30:			
2008	\$ —	138	138
2009	2,736	127	2,863
2010	960	82	1,042
2011	741	31	772
	<u>\$ 4,437</u>	<u>378</u>	<u>4,815</u>

Revenue bonds outstanding at June 30, 2007 consist of LCRA Parking Facility Revenue Bonds Series 1999A (Series 1999A bonds), Parking Facility Revenue Refunding Bonds Series 1999B (Series 1999B bonds), and Parking Facility Revenue Refunding and Improvement Bonds Series 1999C (Series 1999C bonds) (Bonds). Collectively, the Bonds are dated October 21, 1999.

The Series 1999A bonds with an original issue amount of \$2,470 are due at intervals until September 1, 2009. These bonds carry rates of interest ranging from 7.625% to 9.0%.

The Series 1999B bonds with an original issue amount of \$8,300 are due at intervals until September 1, 2019, and are payable solely from, and secured by, a pledge of gross revenues from the operation of SLDC Parking Facilities' St. Louis Centre East Parking Garage. The bonds may be redeemed prior to maturity at the option of LCRA and are subject to special mandatory redemption prior to maturity following the occurrence of a determination of taxability as defined in the bond indenture. These bonds carry rates of interest ranging from 6.5% to 7.0%.

The Series 1999C bonds with an original issue amount of \$3,040 are due September 1, 2024. Bond proceeds were to repay an LCRA note payable and construct a parking lot on property in the St. Louis Centre Development Area. The bonds may be redeemed prior to maturity at the option of LCRA and are subject to special mandatory redemption prior to maturity following the occurrence of a

City of St. Louis, Missouri
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determination of taxability as defined in the bond indenture. These bonds carry a rate of interest of 7.05%.

Debt service requirements to maturity for SLDC revenue bonds are as follows:

	Series 1999A		Series 1999B		Series 1999C	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
Year ending						
June 30:						
2008	\$ 335	86	—	569	—	214
2009	365	55	—	569	—	214
2010	425	19	220	562	—	214
2011	—	—	430	541	—	214
2012	—	—	455	512	—	215
2013 – 2017	—	—	2,745	2,050	—	1,072
2018 – 2022	—	—	4,450	635	615	1,050
2023 – 2025	—	—	—	—	2,425	285
	<u>\$ 1,125</u>	<u>160</u>	<u>8,300</u>	<u>5,438</u>	<u>3,040</u>	<u>3,478</u>

j. Component Unit— SLPD Long-Term Liabilities

The following is a summary of changes in long-term liabilities for SLPD for the year ended June 30, 2007:

	<u>Balance June 30, 2006</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2007</u>	<u>Due within One Year</u>
Accrued banked overtime, vacation, and sick time leave	\$ 28,037	10,457	10,361	28,133	8,003
Capital lease obligation	3,189	—	1,249	1,940	1,940
Workers' compensation	40,786	3,918	4,347	40,357	5,103
Net pension obligation	5,942	1,175	—	7,117	—
	<u>\$ 77,954</u>	<u>15,550</u>	<u>15,957</u>	<u>77,547</u>	<u>15,046</u>

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Police Patrol Buildings

In December 1987, SLPD entered into a lease-purchase agreement with the Missouri Economic Development, Export and Infrastructure Board (MEDB). In June 1994, the MEDB issued \$13,725 of Leasehold Revenue Bonds, Series 1994 (SLPD Series 1994 Bonds). In February 2003, the Industrial Development Authority of the St. Louis Development Corporation (IDA) issued \$6,665 in Series 2003 Leasehold Refunding Revenue Bonds (Series 2003 Bonds). Proceeds from the Series 2003 bonds were used to defease the previously issued Series 1994 Bonds.

The IDA acquired the police patrol buildings from the MEDB and leased them to SLPD in a lease purchase agreement dated February 1, 2003. Lease payments are payable from tax proceeds generated from the capital improvements sales tax, a 1/2 cent City sales tax increase approved by the voters on August 3, 1993. The Series 2003 Bonds are not legal obligations of SLPD or the City, but are to be paid by the lease payments described below:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year ending June 30:			
2008	\$ 1,945	21	1,966
	1,945	21	1,966
Unamortized premium	8		
Unamortized deferred amount			
on refunding	(39)		
	\$ 1,914		

Automotive Equipment

In September 2005, the SLPD entered into a lease-purchase agreement for the purchase of automotive equipment. Upon conclusion of the lease, the SLPD will attain title to the equipment. The SLPD's future lease payments under this lease-purchase are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year ending June 30:			
2008	\$ 26	1	27
	\$ 26	1	27

City of St. Louis, Missouri
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14. CAPITAL LEASES

Certain City services are provided by equipment financed under various capital lease agreements as follows:

a. Capital Lease—Rolling Stock

In March 2000, the City entered into a capital lease agreement with Banc One Leasing Corporation in the amount of \$9,000 at a rate of 5.8%. Proceeds of the lease are to be used to purchase certain rolling stock, such as dump trucks and refuse trucks. In September 2002, the City refinanced its existing capital lease agreement with Banc One Leasing Corporation resulting in a new balance of \$7,889. This revised capital lease agreement supercedes the capital lease agreement entered into during March 2000. In addition to refinancing the existing lease, the proceeds of the lease are to be used to purchase certain rolling stock, such as dump trucks and refuse trucks, and computer software and hardware. The lease agreement payments are due in semi-annual installments from 2003 through 2009 with an annual interest rate of 3.6%.

In June 2003, the City amended its capital lease agreement with Banc One Leasing Corporation to increase the capital lease by \$4,002 in order to finance the acquisition of additional rolling stock. This portion of the capital lease is due in annual installments from 2004 through 2018 with an annual interest rate of 4.78%.

On July 7, 2004, the City amended its capital lease agreement with Banc One Leasing Corporation to increase the capital lease by \$851 in order to finance the acquisition of additional rolling stock. This portion of the capital lease is due in annual installments from 2005 through 2007 with an annual interest rate of 3.19%.

In September 2005, the City amended its capital lease agreement with Chase Equipment Leasing Inc. resulting in new debt of \$942. This capital lease agreement is included as part of the capital lease agreement entered into in March of 2000. The proceeds of the lease are to be used to purchase computer equipment. The lease agreement payments are due in semi annual installments from 2006 through 2009 with an annual interest rate of 3.9%.

In February 2006, the City amended its lease agreement with Chase Equipment Leasing Corporation resulting in new debt of \$1,048. The proceeds of the lease are to be used to purchase equipment for a new 911 emergency system. The lease agreement payments are due in semi annual installments from 2007 to 2011 with an annual interest rate of 4.88%.

In September 2006, the City amended its lease agreement with Chase Equipment Leasing Corporation resulting in new debt of \$6,014. The proceeds of the lease are to be used to purchase additional rolling stock. This portion of the capital lease is due in semi annual installments from 2007 through 2012 with an annual interest rate of 4.0534%.

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Principal payments of \$2,325 were made on these lease agreements in fiscal year 2007. The following is a schedule of future minimum lease payments as of June 30, 2007.

Year ending June 30:	
2008	\$ 2,499
2009	2,181
2010	1,889
2011	1,766
2012	1,527
2013 – 2017	2,508
2018	<u>388</u>
Total future minimum lease payments	12,758
Amount representing interest	<u>(1,863)</u>
Present value of net minimum lease payments	<u>\$ 10,895</u>

Capital assets (equipment) of \$16,763 are recorded by the City on its statement of net assets in conjunction with these capital leases.

b. Capital Lease—Kiel Site Project—Obligation with Component Unit

The City has a master lease agreement with SLDC, whereby the City has leased Stadium East Redevelopment Project and related property and portions of the City Block 210 (the Kiel Premises) to SLDC.

SLDC subleases the Kiel Premises back to the City. In 1998, SLDC issued two series of bonds for the purpose of refunding the outstanding bonds on which the City's lease payments were based. Pursuant to the master lease agreement, the lease payments made by the City are to be used by SLDC to fund annual debt service payments for SLDC's Kiel Site Lease Revenue Refunding Bonds, Series 1997A and B in the original amount of \$13,605. The Series 1997A and B bonds were issued by SLDC in September 1997, and the proceeds were used to retire SLDC's Station East Redevelopment Project Lease Revenue Bonds, Series 1990 and 1992. The capital lease obligation is recorded as a long-term liability. The City's lease payments are payable from the general fund.

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The following is a schedule, by years, of the future minimum lease payments together with the present value of the net minimum payments for the Kiel Premises as of June 30, 2007.

Year ending June 30:		
2008	\$	973
2009		970
2010		944
2011		996
2012		966
2013 – 2017		4,834
2018 – 2022		<u>4,896</u>
Total future minimum lease payments		14,579
Amount representing interest		<u>(4,424)</u>
Present value of net minimum lease payments	\$	<u><u>10,155</u></u>

No capital assets are recorded by the City on its statement of net assets in conjunction with this capital lease due to the proceeds of this obligation being used for demolition and site preparation.

c. Capital Lease—Convention Center Hotel—Obligation with Component Unit

The City is subject to a Third Supplemental and Restated Lease Purchase Agreement (the Agreement) between the City, SLMFC, and SLDC, whereby SLMFC leases the Convention Center to the City. In 2000, SLDC issued Series 2000 Compound Interest Leasehold Revenue Bonds (Series 2000 Bonds) in the amount of \$40,000 for the purpose of providing funding for the construction of a convention center hotel within the vicinity of the Convention Center. Under the Agreement, SLMFC has assigned its rights under the lease relative to the Series 2000 Bonds to SLDC. The City is required, beginning on July 15, 2011, to make lease payments to SLDC to fund the annual debt service payments for the Series 2000 Bonds. The City's obligation to make these lease payments to SLDC is subordinate to the City's obligation to meet the debt service requirements of the Series 1993A and Series 2003 Convention Center Leasehold Revenue Bonds (see note 15).

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Notes to Basic Financial Statements, Continued
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The capital lease obligation is recorded as a long-term liability. The City's lease payments are payable from the capital projects fund. The following is a schedule, by years, of the future minimum lease payments together with the present value of the net minimum payments for the capital lease as of June 30, 2007.

Year ending June 30:	
2008	\$ —
2009	—
2010	—
2011	—
2012	3,525
2013 – 2017	50,870
2018 – 2020	45,885
Total future minimum lease payments	100,280
Amount representing interest	(60,280)
Present value of net minimum lease payments	\$ 40,000

No capital assets are recorded by the City on its statement of net assets in conjunction with this capital lease due to the proceeds of this obligation being used for construction of a convention center hotel that is not owned by the City.

15. LEASEHOLD REVENUE IMPROVEMENT AND REFUNDING BONDS

a. Civil Courts

On June 1, 2003, the SLMFC issued \$23,400 in Leasehold Revenue Refunding Bonds (Series 2003A) with an average interest rate of 4.02% to advance refund \$22,480 of Series 1994 Bonds with an average interest rate of 6.08%. The net proceeds of \$24,434 (after the addition of a \$1,811 premium less a payment of \$777 in issuance costs) were deposited with the escrow agent under the escrow deposit agreement and, together with interest earnings thereon, were applied to the payment of principal and interest on the Series 1994 Bonds maturing on August 1, 2003 and 2004, and to the redemption on August 1, 2004 of the remaining Series 1994 Bonds.

b. Convention Center

On July 15, 1993, SLMFC issued \$144,362 in Leasehold Revenue Refunding Bonds (Series 1993A Bonds). The Series 1993A Bonds were issued to refund bonds previously issued by SLDC (SLDC Bonds). Pursuant to the SLDC Bonds, SLDC held title to the Convention Center. Once the proceeds of the Series 1993A Bonds were deposited in an irrevocable trust to pay the principal and interest on the outstanding SLDC Bonds and certain other conditions were satisfied, the Convention Center property was conveyed to SLMFC. The Series 1993A Bonds consisted of current interest bonds (\$51,330 serial bonds and \$90,465 term bonds) and compound interest bonds with an initial offering price of \$2,567 and a final maturity amount on July 15, 2014 of \$9,615. The yield to maturity for the compound interest bonds at the initial offering price was 6.4%. Lease payments calculated to meet the principal, interest, and other costs related to the Series 1993A Bonds are paid for in the City's general fund.

City of St. Louis, Missouri
Notes to Basic Financial Statements, Continued
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On April 15, 2003, the SLMFC issued \$118,575 in Leasehold Revenue Refunding Bonds (Convention Center Project) with an average interest rate of 4.67% to advance refund the current interest bonds portion of the Series 1993A Bonds with an average interest rate of 5.87%. The net proceeds of \$125,373 (after the addition of a \$9,439 premium less a payment of \$2,641 in issuance cost) were deposited with the escrow agent under the escrow deposit agreement, and were applied on July 15, 2003 to the redemption of the \$119,960 of Series 1993A current interest leasehold revenue bonds. Thus, as of June 30, 2007, only the compound interest bonds of the Series 1993A Bonds remain outstanding.

On May 26, 2005, the SLMFC issued Series 2005A and B Compound Interest Leasehold Revenue Bonds in the amount of \$44,997 for the purpose of providing funding for the construction of the Convention Center Hotel, in addition to making debt service payments for other ongoing projects, within the vicinity of the Convention Center. Principal payments plus compounded interest (4.66%) will be made July 15, 2021 through 2030. The final maturity amounts on bonds are \$54,050 and \$62,430 for the Series 2005A and 2005B, respectively.

c. Justice Center

In August 1996, the SLMFC issued \$75,705 in Leasehold Revenue Improvement Bonds, Series 1996A (Series 1996A Bonds) and \$34,355 Leasehold Revenue Improvement and Refunding Bonds, Series 1996B (Series 1996B Bonds) (collectively, the 1996 Justice Center Bonds). The Series 1996A Bonds include serial bonds in the principal amount of \$20,155 and term bonds in the principal amount of \$55,550. The Series 1996B Bonds include serial bonds in the principal amount of \$23,500 and term bonds in the principal amount of \$10,835. Interest is payable semiannually on all bonds. The term bonds are subject to mandatory sinking fund redemption prior to their stated maturity dates.

The City's payments are secured by a pledge between the City and the trustee for the 1996 Justice Center Bonds, which authorizes the State to make direct payment to the trustee of the City's per diem reimbursement entitlements for costs incurred in boarding State prisoners. The City's payments are further insured by AMBAC Financial Group, Inc. The principal amount of the bonds outstanding is recorded as a long-term liability. The City's payments for debt service are payable from the capital projects fund. Interest rates on the 1996 Justice Center Bonds range from 4.25% to 6.0%.

Proceeds from the Series 1996A Bonds were used to construct the City Justice Center, which replaced the former municipal jail that has been demolished and will house a total of 732 prisoners. The facility is a major addition to the City's justice system, bringing total detention capacity to over 1,500 beds. The City Justice Center site is located east of City Hall, south of the city-owned Carnahan Building, and west of the Thomas F. Eagleton Federal Courthouse. The City Justice Center is designed to meet standards established by the American Correctional Association.

In February 2000, the SLMFC issued \$22,025 in City Justice Center Leasehold Revenue Improvement Bonds (Series 2000A Bonds) for the purpose of financing the completion of the City Justice Center, and funding the debt service reserve fund with respect to the Series 2000A Bonds, and paying costs of issuance of the Series 2000A Bonds. The Series 2000A Bonds, bearing a stated maturity of February 15, 2010, are not subject to redemption prior to their stated maturities. The Series 2000A Bonds, bearing a stated maturity of February 15, 2011 are subject to optional redemption and payment

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prior to their stated maturities at the election of SLMFC, upon direction and instruction by the City on February 15, 2010, and, at any time thereafter, as a whole at any time, in part at any time, and if, in part, in such order as the SLMFC shall determine, upon the direction and instruction by the City in its sole discretion, at redemption prices ranging from 100% to 101%, plus accrued interest thereon, to the redemption date.

On September 1, 2001, the SLMFC issued \$62,205 in City Justice Center Leasehold Revenue Bonds (Series 2001A bonds) with an average interest rate of 4.93% to advance refund \$58,115 of Series 1996A Bonds with an average interest rate of 5.93%. As a result, this portion of the Series 1996A Bonds are considered to be defeased, and the liability for those bonds has been removed from the basic financial statements.

On September 1, 2005, the SLMFC issued \$15,485 in Justice Center Leasehold Revenue Refunding Bonds, Series 2005 with an average interest rate of 4.56% to advance refund \$14,360 in Series 2000A Leasehold Revenue Bonds with an average interest rate of 6.09%.

The principal amount of the bonds outstanding is recorded as a long-term liability of the City. The City's payments for debt service are payable from the capital projects fund.

d. Forest Park

On December 1, 2004, the SLMFC issued \$16,400 in Leasehold Revenue Refunding Bonds (Series 2004) with an average interest rate of 4.23% to advance refund \$16,120 of outstanding Series 1997 Forest Park Leasehold Revenue Improvement Bonds with an average interest rate of 5.45%. As a result, the Series 1997 bonds are considered defeased, and the liability for those bonds have been removed from the financial statements.

e. Firemen's System

On April 1, 1998, the SLMFC issued \$28,695 in Firemen's Retirement Systems Lease Revenue Bonds, Series 1998 (Series 1998 Bonds). Interest is paid semiannually on the bonds at the rate of 5.6% to 6.55%. The Series 1998 Bonds are subject to mandatory sinking fund redemption prior to maturity.

The City has covenanted, subject to annual appropriation, to pay rental payments at such times and in such amounts as are necessary to assure that no default in the payment of principal, premium, or interest on the Series 1998 Bonds occurs. The Series 1998 Bonds are further secured by a mortgage and deed of trust lien upon the facility (defined as the sites, building, structures, improvements, and fixtures occupied by the City's Fire Department Headquarters Building and 30 neighborhood engine houses) pursuant to the Deed of Trust and Security Agreement dated as of April 1, 1998. The principal amount of the bonds outstanding is recorded as a long-term liability. The City's payments for debt service are payable from the general fund.

The proceeds derived from the sale of the Series 1998 Bonds were used to prepay a portion of the City's unfunded accrued actuarial liabilities in the form of a contribution to the Firemen's Retirement System and to pay cost of issuance for the Series 1998 Bonds.

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f. Carnahan Courthouse

On October 1, 2006, the SLMFC issued \$23,725 Leasehold Revenue Refunding Bonds, Series 2006A (Series 2006A) with an average interest rate of 4.23% to refund the \$21,750 Carnahan Courthouse Leasehold Revenue Bonds Series 2002A (series 2002A) with an average interest rate of 5.37%. The net proceeds of \$22,830 (after deduction of \$321 discount and less payment of \$560 in issuance costs) were used to purchase investments that mature at the same times and in such amounts as will be sufficient to pay the principal of the redemption premium, if any and the accrued interest on all of the Series 2002A Bonds being redeemed.

The City's payments are secured by a pledge agreement between the City and the Series 2006A Bonds trustee. The City's payments are further insured by the AMBAC Assurance Corporation.

The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$1,080. This difference, reported in the accompanying financial statements as a reduction of bonds payable, is being charged to operations through 2027 using the straight-line method, which approximates the effective interest method.

The City advance refunded the Series 2002A bonds to reduce its total debt service payments over the next 10 years by approximately \$742 and to obtain an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$687.

g. Abram Building

In June 2007, the SLMFC issued \$4,000 in Abram Building Leasehold Revenue Bonds Series 2007 with an interest rate of 4.15%. The proceeds of the bonds are being used to fund the cash portion needed to purchase the Abram Federal Building.

City of St. Louis, Missouri
Notes to Basic Financial Statements, Continued
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h. Principal and Interest Requirements

Principal and interest requirements for the Leasehold Revenue Improvement and Refunding Bonds are as follows:

	Civil Courts		Firemen's System	
	Principal	Interest	Principal	Interest
Year ending June 30:				
2008	\$ 2,075	677	\$ 2,475	629
2009	2,155	589	2,635	465
2010	2,255	493	2,805	288
2011	2,360	381	2,990	98
2012	2,465	270	—	—
2013 – 2015	5,265	196	—	—
	<u>\$ 16,575</u>	<u>2,606</u>	<u>\$ 10,905</u>	<u>1,480</u>
	Justice Center		Forest Park	
	Principal	Interest	Principal	Interest
Year ending June 30:				
2008	\$ 6,285	4,836	\$ 760	610
2009	6,620	4,507	785	587
2010	6,925	4,202	805	563
2011	7,250	3,875	835	533
2012	11,025	3,528	865	508
2013 – 2017	34,285	10,420	4,850	2,001
2018 – 2022	25,555	1,027	6,045	803
	<u>\$ 97,945</u>	<u>32,395</u>	<u>\$ 14,945</u>	<u>5,605</u>

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	Carnahan Courthouse		Convention Center	
	Principal	Interest	Principal	Interest
Year ending June 30:				
2008	\$ —	974	\$ 13,445	4,277
2009	—	974	11,675	3,688
2010	15	974	12,915	3,094
2011	160	974	14,035	2,428
2012	170	968	9,940	1,818
2013 – 2017	5,405	4,471	33,722	9,194
2018 – 2022	7,790	3,124	8,967	10,437
2023 – 2027	10,185	1,386	24,047	36,627
2028 – 2030	—	—	11,983	24,418
	<u>\$ 23,725</u>	<u>13,845</u>	<u>\$ 140,729</u>	<u>95,981</u>

	Abram Building	
	Principal	Interest
Year ending June 30:		
2008	\$ 341	151
2009	343	148
2010	358	134
2011	372	119
2012	388	103
2013 – 2017	2,198	259
	<u>\$ 4,000</u>	<u>914</u>

16. JOINT VENTURE FINANCING AGREEMENT

a. St. Louis Regional Convention and Sports Complex Authority (Authority)

In April 1990, the Authority was established as a separate legal entity by an act of the Missouri State legislature to acquire, purchase, or lease, and construct, operate, and maintain convention centers, sports stadiums, field houses, indoor and outdoor convention, recreational, and entertainment facilities, and to do all things incidental or necessary to facilitate these purposes.

b. Series C 2007 Bonds (Series C Bonds)

On August 15, 1991, the City sponsored the issuance of \$60,075 in Convention and Sports Facility Project Bonds Series C 1991 (Series C 1991 Bonds). The Series C Bonds were issued by the Authority, together with the proceeds of the Authority's \$132,910 principal amount of Convention and Sports Facility Project Bonds, Series A 1991 (State, Sponsor) (Series A Bonds) and the Authority's

City of St. Louis, Missouri
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\$65,685 principal amount of Convention and Sports Facility Bonds, Series B 1991 (County, Sponsor) (Series B Bonds). The Series A Bonds, the Series B Bonds, and the Series C 1991 Bonds (collectively, the Project Bonds) were issued for the purpose of providing funds to finance the costs of acquiring land and constructing thereon an eastward expansion of the Cervantes Convention Center to be used as a multipurpose convention and indoor sports facility (Project).

During February 1997, the Authority issued Convention and Sports Facility Project and Refunding Bonds Series C 1997 (Series C 1997 Bonds) in the amount of \$61,285. The proceeds were used to refund, in advance of maturity, \$47,155 of the Series C 1991 bonds.

In May 2007, the Authority issued Convention and Sports Facility Project Refunding Bonds Series C 2007 (Series C 2007 Bonds) in the amount of \$49,585. The proceeds were issued for the purpose of (i) providing funds to refund all of the Authority's \$61,285 original principal amount of Series C 1997 Bonds, and (ii) for the City to make various project improvements to the Cervantes Convention Center in the amount of \$2,421.

The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$1,054. This difference, reported in the accompanying financial statements as an increase of bonds payable, is being charged to operations through 2022 using the straight-line method, which approximates the effective interest method.

The City advance refunded the Series C 1997 bonds to reduce its total debt service payments over the next 10 years by approximately \$2,084 and to obtain an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$906.

The Authority entered into a Project Financing Construction and Operation Agreement (Financing Agreement) dated August 1, 1991 with the City, State, and County (collectively, the Sponsors) providing for the application of the proceeds of the Project Bonds, for the repayment of the Project Bonds, and for the operation and maintenance of the Project. Pursuant to the Financing Agreement, the Authority will lease the Project to the Sponsors who will sublease the project back to the Authority. The rental payments made by the Sponsors under the Financing Agreement are designed to be sufficient to pay the principal and interest on the Project Bonds. The preservation payments to be made by the Sponsors under the Financing Agreement will be used to pay for repairs and replacement of major Project components and renovation necessary to maintain the Project. A portion of the preservation payments from each sponsor was deposited to the bond fund of the Authority each year from 1994 through 1999 to pay principal and interest on the Project Bonds. On August 1 and February 1 of each year, the City is obligated (subject to appropriations) to make rental payments of \$2,500 and preservation payments of \$500 regardless of the principal and interest payments due.

At June 30, 2007, the City's obligation for the Series C Bonds and net preservation payments (after deposits to the bond fund) payable from the general fund under the Financing Agreement is as follows:

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	<u>Principal</u>	<u>Interest</u>	<u>Preservation Payments</u>	<u>Total</u>
Year ending June 30:				
2008	\$ 970	1,912	3,118	6,000
2009	2,440	2,488	1,072	6,000
2010	2,565	2,357	1,078	6,000
2011	2,700	2,219	1,081	6,000
2012	2,840	2,073	1,087	6,000
2013 – 2017	16,610	7,903	5,487	30,000
2018 – 2022	21,460	2,932	2,608	27,000
	<u>\$ 49,585</u>	<u>21,884</u>	<u>15,531</u>	<u>87,000</u>

Series C Bonds' principal and the preservation payments are included in the City's basic financial statements as a long-term liability.

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17. REVENUE BONDS PAYABLE

a. Airport

Bonds outstanding at June 30, 2007 are summarized as follows:

Bond Series 1996, interest rate of 5.35%, payable in varying amounts through 2008	\$ 4,275
Bond Series 1997, interest rates ranging from 5.25% to 6.00%, payable in varying amounts through 2015	39,575
Bond Series 1998, interest rates ranging from 4.00% to 5.13%, payable in varying amounts through 2016	54,330
Bond Series 2001A, interest rates ranging from 4.13% to 5.50%, payable in varying amounts through 2012	30,810
Bond Series 2002, Series A, B, and C, interest rates ranging from 3.00% to 5.50%, payable in varying amounts through 2033	44,885
Bond Series 2003A, interest rates ranging from 2.38% to 5.25%, payable in varying amounts through 2019	70,340
Bond Series 2005, interest rate ranging from 4.00% to 5.50%, payable in varying amounts through 2032	263,695
Bond Series 2007A, interest rate ranging from 4.00% to 5.25%, payable in varying amounts through 2033	231,275
Bond Series 2007B, interest rate ranging of 5.00%, payable in varying amounts through 2028	104,735
	<u>843,920</u>
Less:	
Current maturities	(25,090)
Unamortized discounts and premiums	60,906
Deferred amounts on refunding	(39,080)
	<u>\$ 840,656</u>

Interest payments on the above issues are due semiannually on January 1 and July 1.

On January 23, 2007, the Airport issued \$231,275 in Series 2007A Revenue Refunding Bonds with an average interest rate of 4.88 percent to advance refund \$178,395 of outstanding 2001A Series Revenue Refunding bonds, and \$54,670 of outstanding 2002A Series Revenue Refunding bonds with an average interest rate of 5.07 percent. The net proceeds of \$241,933 (after the addition of a net issue premium of \$15,798 and payment of \$5,140 in underwriting fees, insurance, and other issuance costs) were deposited into an irrevocable trust with an escrow agent to provide for the refunded debt service payments. At June 30, 2007, \$178,395 of 2001A Series Revenue Refunding bonds, and \$54,670 of 2002A Series Revenue Refunding bonds are considered defeased. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the Airport's financial statements.

The advance refunding with the Series 2007A Revenue Refunding Bonds resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$11,455. This difference, reported in the accompanying financial statements as a deduction from bonds payable, is

City of St. Louis, Missouri
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being charged to operations through the year 2032 using the bonds outstanding method. The Airport completed the advance refunding to reduce its total debt service payments over the next 25 years by \$8,641 and to obtain an economic gain (difference between the present values of the old and new debt service payments) of \$7,238.

On April 3, 2007, the Airport issued \$104,735 in Series 2007B Revenue Refunding Bonds with an average interest rate of 4.93 percent to advance refund \$106,150 of outstanding 1997B Series Revenue Refunding bonds with an average interest rate of 5.25 percent. The net proceeds of \$108,766 (after the addition of a net issue premium of \$6,324 and payment of \$2,294 in underwriting fees, insurance, and other issuance costs) were deposited into an irrevocable trust with an escrow agent to provide for the refunded debt service payments. At June 30, 2007, \$106,150 of 1997B Series Revenue Refunding bonds is considered defeased. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the Airport's financial statements.

The advance refunding with the Series 2007B Revenue Refunding Bonds resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$4,399. This difference, reported in the accompanying financial statements as a deduction from bonds payable, is being charged to operations through the year 2014 using the bonds outstanding method. The Airport completed the advance refunding to reduce its total debt service payments over the next 20 years by \$8,018 and to obtain an economic gain (difference between the present values of the old and new debt service payments) of \$5,754.

On July 7, 2005, the Airport issued \$263,695 in Series 2005 Revenue Refunding Bonds with an average interest rate of 5.47 percent to advance refund \$37,575 of outstanding 1997A Series Revenue Refunding bonds, \$225,980 of outstanding 2001A Series Revenue Refunding bonds, and \$10,400 of outstanding 2002A Series Revenue Refunding bonds with an average interest rate of 5.31 percent. The net proceeds of \$293,331 (after the addition of a net issue premium of \$39,522 and payment of \$9,886 in underwriting fees, insurance, and other issuance costs) plus an additional \$6,095 of 1997A and 2001A Series debt service monies were deposited into an irrevocable trust with an escrow agent to provide for the refunded debt service payments. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the Airport's financial statements.

The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$23,812. This difference, reported in the accompanying financial statements as a deduction from bonds payable, is being charged to operations through the year 2031 using the bonds outstanding method. The Airport completed the advance refunding to reduce its total debt service payments over the next 25 years by \$16,536 and to obtain an economic gain (difference between the present values of the old and new debt service payments) of \$3,432.

The deferred amounts on refunding of \$39,080 at June 30, 2007, relate to the refunded Bond Series 1984, Bond Series 1987, Bond Series 1992, Bond Series 1997A, Bond Series 1997B, Bond Series 2000, Bond Series 2001A, Bond Series 2002A, Bond Series 2003A, and Bond Series 2003B and are included in revenue bonds payable. The deferred amounts on refunding are amortized as a component of interest expense using the bonds outstanding method over the life of the new bonds.

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Management of the Airport is not aware of any violations of significant bond covenants with respect to the above issues at June 30, 2007.

As of June 30, 2007, the Airport's aggregate debt service requirements for the next five years and in five-year increments thereafter are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year ending June 30:			
2008	\$ 25,090	40,841	65,931
2009	21,725	41,731	63,456
2010	21,670	40,594	62,264
2011	24,015	39,380	63,395
2012	25,965	38,061	64,026
2013 – 2017	178,150	165,378	343,528
2018 – 2022	182,485	116,889	299,374
2023 – 2027	180,710	71,700	252,410
2028 – 2032	177,510	24,919	202,429
2033	6,600	148	6,748
	<u>\$ 843,920</u>	<u>579,641</u>	<u>1,423,561</u>

In the current and prior years, the Airport advance refunded various Airport Revenue Bonds by placing funds in an irrevocable trust to provide for all future debt service payments on these bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the financial statements. At June 30, 2007, \$664,875 of outstanding revenue bonds are considered defeased.

City of St. Louis, Missouri
Notes to Basic Financial Statements, Continued
June 30, 2007
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b. Water Division

Water revenue bonds outstanding at June 30, 2007 are payable solely from, and secured by, a pledge of net revenues from the operation of the Water Division and are summarized as follows:

Series 1998 Water Revenue Bonds, 4.10% to 4.75%		
Payable in varying amounts through July 1, 2014	\$	29,175
Less:		
Current maturities		(2,850)
Deferred amount on refunding		(828)
Unamortized discounts		(56)
	\$	<u>25,441</u>

Debt service requirements to maturity of the 1998 Water Revenue Bonds are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year ending June 30:			
2008	\$ 2,850	1,169	4,019
2009	3,300	1,032	4,332
2010	3,440	887	4,327
2011	3,585	732	4,317
2012	3,740	567	4,307
2013 – 2015	12,260	595	12,855
	\$ <u>29,175</u>	<u>4,982</u>	<u>34,157</u>

City of St. Louis, Missouri
Notes to Basic Financial Statements, Continued
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c. Parking Division

Revenue bonds outstanding at June 30, 2007 are as follows:

SLPCFC Series 2003A tax-exempt revenue bonds interest rates variable not to exceed 12% payable in varying amounts through 2028	\$ 5,560
SLPCFC Series 2003B taxable revenue bonds interest rates variable not to exceed 5% payable in varying amounts through 2038	6,660
Series 2006 revenue bonds interest ranging from 3.75% to 5.14% payable in varying amounts through 2031	57,900
	<u>70,120</u>
Less:	
Current maturities	(1,475)
Unamortized discount and deferred loss on refunding	(6,226)
	<u>\$ 62,419</u>

Debt service requirements for the Parking Division revenue bonds are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year ending June 30:			
2008	\$ 1,475	3,209	4,684
2009	1,546	3,136	4,682
2010	1,624	3,060	4,684
2011	1,708	2,981	4,689
2012	1,794	2,897	4,691
2013 – 2017	10,476	13,100	23,576
2018 – 2022	13,183	10,582	23,765
2023 – 2027	16,388	7,274	23,662
2028 – 2032	19,389	3,137	22,526
2033 – 2037	2,129	423	2,552
2028	408	20	428
	<u>\$ 70,120</u>	<u>49,819</u>	<u>119,939</u>

On December 14, 2006, the Parking Division issued \$46,250 in Series 2006A Parking Revenue Tax-Exempt Bonds and \$11,650 in Series 2006B Parking Revenue Taxable Bonds. The bonds

City of St. Louis, Missouri
Notes to Basic Financial Statements, Continued
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were issued for the purpose of current refunding the outstanding Series 1996 and Series 1999 parking revenue bonds, and advance refunding the outstanding Series 2002 parking revenue bonds to achieve present value savings, provide debt service relief, modernize and streamline the issuance of future revenue bonds, fund the construction of the Euclid/Buckingham Garage, fund the Series 2006A and Series 2006B debt service reserves, and to fund the bond insurance premium and other costs of issuance of the Series 2006A and 2006B bonds. The bond series refunded and the amount outstanding were:

- 1) Parking Revenue Refunding Bonds, Series 1996 – \$22,085
- 2) Parking Revenue Bonds (Argyle Project), Series 1999 – \$9,805
- 3) Subordinated Parking Revenue Bonds (Downtown Parking Facilities), Series 2002 – \$20,170

A portion of the net proceeds from the Series 2006A and Series 2006B issuance in the amount of \$53,685, plus an additional \$924 from the Series 2002 Revenue Bonds debt service reserve monies, \$312 from the Series 2002 Revenue Bonds debt service reserve fund, and \$275 from the Series 1999 Revenue Bonds debt service reserve funds were deposited into an irrevocable trust with an escrow agent to current refund the Series 1996 and Series 1999 Bond issuances on December 15, 2006, and to advance refund the Series 2002 Bond issuance on February 1, 2012. Therefore, as of June 30, 2007, the Series 1996, Series 1999, and Series 2002 bonds are considered defeased. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the financial statements. As of June 30, 2007, \$19,270 and \$0, respectively, of defeased Series 2002 Bonds remain outstanding.

The current and advance refundings resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$7,029. This difference is reported as a deduction from bonds payable and is being charged to operations over the life of the new bond issue using the straight-line method, which approximates the effective interest method.

The current and advance refunding increases total debt service payments over the life of the Series 2006A and Series 2006B bond issuances by \$5,745, and results in an economic gain (difference between the present values of the old and new debt service payments) of \$2,102.

On November 20, 2003, the SLPCFC issued \$6,730 in Series 2003A Tax-Exempt Parking Revenue Bonds at a variable interest rate not to exceed 12% and \$6,882 in Series B Taxable Parking Revenue Bonds at a variable interest rate not to exceed 5% for the purpose of purchasing the Cupples Garage located in downtown St. Louis. The net proceeds of the bonds were \$13,127, after the deduction of \$485 in underwriting fees and issuance costs. The Series 2003 A and Series 2002B bonds are secured solely by the net revenues of the Cupples Garage and do not constitute a general obligation of the Parking Division or the City.

City of St. Louis, Missouri
Notes to Basic Financial Statements, Continued
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18. SHORT-TERM DEBT

a. City

Short-term debt activity for the year ended June 30, 2007 was as follows:

	Balance June 30, 2006	Issued	Redeemed	Balance June 30, 2007
Tax revenue anticipation notes	\$ —	36,000	(36,000)	—

b. Airport

On May 1, 2004, the City's Board of Alderman authorized the Airport to issue Commercial Paper Notes, 2004 Program, in an aggregate principal amount not to exceed \$125,000 outstanding at any one time. As of June 30, 2007, commercial paper of \$1,000 was outstanding. This commercial paper bore interest at rate of 3.85% and was due on September 5, 2007.

Following is a summary of the changes in commercial paper payable for the Airport for the year ended June 30, 2007:

	Balance June 30, 2006	Issued	Redeemed	Balance June 30, 2007
Commerical paper payable	\$ 1,000	7,000	(7,000)	1,000

19. FORWARD PURCHASE AGREEMENTS

a. Objective of the Forward Purchase Agreements

The Airport and Water Division have entered into 10 forward purchase agreements with financial institutions, which guarantee a fixed rate of return on the invested proceeds of the debt service and debt service reserve funds of certain revenue bond issuances. The Airport and Water Division entered into these agreements in order to ensure that their investments will earn a guaranteed rate of interest regardless of fluctuations in market interest rates. During the year ended June 30, 2007, the Parking Division terminated the forward purchase agreement it had entered into in association with the Series 1996 bonds due to the bond's defeasance.

City of St. Louis, Missouri
Notes to Basic Financial Statements, Continued
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b. Terms

The terms of Airport forward purchase agreements I – VI are as follows:

	Airport I	Airport II	Airport III	Airport IV	Airport V	Airport VI
Date of origin	June 1995	September 1997	October 2000	December 2003, as amended July 2005	December 2003, as amended January 2007	December 2003, as amended July 2005 and January 2007
Underlying bond account(s)	Series 1996, Series 2002C, Series 2003B debt service	Series 1997 debt service reserve	Series 2003A debt service reserve	Series 1997 A, Series 2005 debt service reserve	Series 1997B, Series 2007B, debt service	Series 2001A, Series 2005, Series 2007A debt service
Guaranteed interest rate	6.34%	6.18%	6.47%	5.34%	5.35%	Series 2001: 5.432% Series 2005: 5.432% Series 2007A: 5.440%
Lump-sum payment received at beginning of agreement	\$7,209	N/A	N/A	N/A	N/A	N/A
Date of termination (upon maturity of bond series)	2015	2007	2008	2027	2014	2031
Notional amount (representing balance in applicable accounts)	\$5,514	N/A	\$7,034	\$1,015	\$2,284	\$13,751
Obligation (representing the unamortized portion of lump-sum payment) recorded on the statement of fund net assets at June 30, 2007	\$840	N/A	N/A	N/A	N/A	N/A

City of St. Louis, Missouri
Notes to Basic Financial Statements, Continued
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The terms of Airport forward purchase agreements VII – IX and the Water Division forward purchase agreement are as follows:

	Airport VII	Airport VIII	Airport IX	Water Division
Date of origin	December 2003, as amended July 2005 and January 2007	December 2003	December 2003	February 1996
Underlying bond account(s)	Series 2002A, Series 2005 debt services	Series 2002B debt service	Series 2003A debt service	Series 1994 and Series 1998 debt service
Guaranteed interest rate	5.473%	5.332%	5.579%	6.200%
Lump-sum payment received at beginning of agreement	N/A	N/A	N/A	\$941
Date of termination (upon maturity of bond series)	2020	2032	2018	2014
Notional amount (representing balance in applicable accounts)	\$706	\$1,393	\$6,165	\$3,559
Obligation (representing the unamortized portion of the initial lump-sum payment) recorded on the statement of fund net assets at June 30, 2007	N/A	N/A	N/A	\$290

In January 2007, the Airport's forward purchase agreement VI and VII were amended to replace the defeased portions of Bond Series 2001A and Bond Series 2002B with Bond Series 2007A. No payments were made in consideration of this amendment.

In April 2007, the Airport's forward purchase agreement V was amended to replace Bond Series 1997B with Bond Series 2007B. No payments were made in consideration of this amendment.

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Notes to Basic Financial Statements, Continued
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In April 2007, forward purchase agreement II was terminated with the issuance of the Series 2007B Bonds. No payments were made in consideration of this amendment.

In July 2005, the Airport's forward purchase agreements IV, VI, and VII were amended to replace Bond Series 1997A, Bond Series 2001A, and Bond Series 2002A, respectively, with Bond Series 2005 bonds. No payments were made in consideration of this amendment.

For the Airport forward purchase agreement I and the Water Division forward purchase agreement, in exchange for the lump-sum payment received, the City has contracted to buy qualified eligible securities from financial institutions every month until the bonds mature, are called, or are refinanced. These institutions receive the actual interest earned on the securities purchased every month. The difference between the fixed interest rate earned by the City and the variable interest rate paid to the financial institution is recorded as a net adjustment to net interest expense.

For the Airport forward purchase agreements III through IX, the City has contracted to buy qualified eligible securities from a financial institution on a semiannual basis and the financial institution has guaranteed that the securities will earn a stated rate. To the extent the securities earn a greater rate of return, the City is required to refund the differential to the financial institution, if a lesser rate is earned, the financial institution absorbs the loss.

c. Fair Value

As disclosed above, the City's obligations associated with Airport forward purchase agreement I and the Water Division forward purchase agreement are recorded on the financial statements as other liabilities. This liability represents the unamortized portion of the initial lump-sum payment received pursuant to these agreements.

The fair value of the remaining forward purchase agreements, under which no initial lump-sum payments were received, is not recorded on the financial statements. As of June 30, 2007, these fair values are as follows:

Agreement	Fair Value
Airport III	\$ 186
Airport IV	85
Airport V	78
Airport VI	1,548
Airport VII	34
Airport VIII	68
Airport IX	254

These fair values were calculated using the following method: the variable rate of return to be retained by the financial institutions was assumed to be the rate of a return available at June 30, 2007 for a U.S. Treasury obligation with a comparable length of time remaining until maturity. The variable rate of return was then subtracted from the fixed rate of return guaranteed, and multiplied by the securities

City of St. Louis, Missouri
Notes to Basic Financial Statements, Continued
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required to be invested under the agreements for all future periods. The resulting differential in future cash flows was discounted to the present at the rate of a return available at June 30, 2007 for a U.S. Treasury obligation with a comparable length of time remaining until maturity.

d. Credit Risk

The forward purchase agreements' fair value represents the credit exposure of the Airport and the Water Division to the financial institutions as of June 30, 2007. Should the financial institutions fail to perform according to the terms of the agreement, the Airport and the Water face a maximum possible loss equivalent to the agreements' fair value.

e. Interest Rate Risk

The forward purchase agreement exposes the Airport and the Water Division to interest rate risk. Should interest rates increase above the levels guaranteed by the agreement, the financial institution, and not the Airport, the Water Division would realize this increase in investment earnings.

f. Termination Risk

Should the Airport or the Water Division terminate the agreements or default on their obligations pursuant to the agreements, a termination payment would either be owed to or due from the financial institution, and would be calculated based upon market interest rate conditions at the time of the termination. During the fiscal year 2007, the Parking Division terminated a forward purchase agreement when the 1996 bonds were refunded. When the termination took place, the fair value of the forward purchase agreement was negative. The Parking Division was required to pay a termination payment in the amount of \$360 to the financial institution, which is recorded as part of nonoperating expenses.

20. OPERATING LEASES

- a. At June 30, 2007, the City was committed under miscellaneous operating leases for office space and equipment. Future minimum base rental payments under terms of the operating leases are as follows:

Year ending June 30:	
2008	\$ 1,342
2009	923
2010	486
2011	440
2012	441
2013 – 2017	2,274
2018 – 2022	250
2023 – 2027	250
2028 – 2032	38
	<hr/>
	\$ 6,444

City of St. Louis, Missouri
Notes to Basic Financial Statements, Continued
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b. Airport – Use Agreements and Leases with Signatory Air Carriers

Effective January 1, 2006, the Airport entered into new long-term use and lease agreements with signatory air carriers that expires on June 30, 2011. The previous long-term use and lease agreements with signatory air carriers expired on December 31, 2005. Under the terms of the use agreements and leases, the air carriers have agreed to pay airfield landing fees; terminal and concourse rentals; hangar, cargo, and maintenance facility rentals; and certain miscellaneous charges in consideration for use of the Airport. The use and lease agreements also require the Airport to make certain capital improvements and to provide maintenance of certain Airport facilities. Payments by the air carriers are determined as follows:

- Landing fees are calculated based on estimated operating and maintenance expenses of the airfield, and allocated to the air carriers on the basis of landing weights. Landing fee revenues are adjusted each year by retroactive rate adjustment, which is calculated as the difference between estimated and actual costs incurred and estimated and actual landing weights. These revenues are included in aviation revenue—airfield.
- Rentals are calculated based on estimated operating and maintenance expenses of the terminal and concourse areas and hangars, cargo, and maintenance facilities, and allocated to the air carriers on the basis of square footage utilized. Rental revenue is adjusted each year by retroactive rate adjustment, which is calculated as the difference between estimated and actual costs incurred. These revenues are included in aviation revenue—terminal and concourses, hangars and other buildings, or cargo buildings, respectively.
- Miscellaneous income is derived from the air carriers for their use of sanitary disposal facilities and airline service buildings.

During fiscal year 2007, revenues from signatory air carriers accounted for 59% of total Airport operating revenues.

Minimum future rentals for each year in the next five years and in the aggregate are not determinable given the method of calculation.

The following is a summary of aviation revenue by category and source from signatory and nonsignatory air carriers for the year ended June 30, 2007:

	<u>Signatory</u>	<u>Non-signatory</u>	<u>Total</u>
Airfield	\$ 52,721	9,857	62,578
Terminal and concourses	19,491	2,446	21,937
Hangars and other buildings	764	29	793
Cargo buildings	673	68	741
	<u>\$ 73,649</u>	<u>12,400</u>	<u>86,049</u>

City of St. Louis, Missouri
Notes to Basic Financial Statements, Continued
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The Airport also leases facilities and land with varying renewal privileges to various nonsignatory air carriers, concessionaires, and others. These leases, for periods ranging from 1 to 50 years, require the payment of minimum annual rentals. The following is a schedule by year of minimum future rentals on noncancellable operating leases, other than leases with signatory airlines, pursuant to long-term use agreements:

Year ending June 30:	
2008	\$ 19,770
2009	14,473
2010	8,966
2011	7,484
2012	7,000
2013 – 2017	12,900
2018 – 2022	7,859
2023 – 2027	3,562
2028 – 2032	3,562
2033 – 2037	<u>1,781</u>
Total minimum future rentals	\$ <u><u>87,357</u></u>

The above amounts do not include contingent rentals that may be received under certain leases. Such contingent rentals amounted to \$5,895 for the year ended June 30, 2007.

The Airport leases computer and other equipment and has service agreements under noncancelable arrangements that expire at various dates through 2010. Expenses for operating leases and service agreements were \$3,592 for the year ended June 30, 2007. Future minimum payments (excluding payments for snow removal, which are not determinable) are as follows:

Year ending June 30:	
2008	\$ 126
2009	71
2010	42
2011	<u>7</u>
Total minimum future rentals	\$ <u><u>246</u></u>

City of St. Louis, Missouri
Notes to Basic Financial Statements, Continued
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c. Component Unit—SLDC

In December 1996, SLDC signed a five-year lease for office space, which commenced March 1997 with three months abated rent and thereafter, monthly base payments of \$38 through February 2002. In January 2001, SLDC signed an agreement to extend the lease for 15 years. The new agreement, which increased the base rent to \$47 and the leased space to 6,216 square feet, will end February 2017. SLDC also has sublease agreements with the Planning and Urban Design Development Agency (PDA) and CDA in effect through February 2017.

Future minimum base rents under the terms of the lease agreements, net of sublease rents anticipated from CDA and PDA, are as follows:

Year ending June 30:

2008	\$ 255
2009	255
2010	255
2011	255
2012	270
2013 – 2017	<u>1,405</u>
	<u>\$ 2,695</u>

Rent expenditures, net rents received of \$443, were \$306 during the year ended June 30, 2007.

Additionally, at June 30, 2007, SLDC was committed through February 2012 under an original 25-year operating lease with the City, which requires annual rental payments of \$1 (in dollars) for certain property. Under the lease agreement, SLDC shall make improvements to the leased premises and award subleases for all or a portion of the leased premises.

City of St. Louis, Missouri
Notes to Basic Financial Statements, Continued
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21. INTERFUND BALANCES

Individual fund interfund receivable and payable balances as of June 30, 2007 are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General fund	Special revenue—grants fund	\$ 9,667
	Capital projects fund	6,067
	Other governmental nonmajor funds	2,362
	Enterprise:	
	Airport	1,648
	Water Division	793
	Parking Division	1,232
	Internal service funds	627
		<u>22,396</u>
Other governmental nonmajor funds	General fund	1,190
	Special revenue—grants fund	5,051
	Capital projects fund	225
	Other governmental nonmajor funds	557
		<u>7,023</u>
Internal service funds	General fund	82
	Enterprise:	
	Airport	2,122
	Water Division	1,539
	Parking Division	190
		<u>3,933</u>
		<u>\$ 33,352</u>

All of these interfund balances are due to either timing differences or due to the elimination of negative cash balances within the various funds. All interfund balances are expected to be repaid during the fiscal year ending June 30, 2008.

Advances to/from other funds as of June 30, 2007 are as follows:

General fund (Advance to internal service fund)	<u>\$12,121</u>
Internal Service fund (Advance from General fund)	<u>\$12,121</u>

City of St. Louis, Missouri
Notes to Basic Financial Statements, Continued
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22. INTERFUND TRANSFERS

Interfund transfers for the year ended June 30, 2007 consisted of the following:

		Transfer To					
		General Fund	Capital Projects Fund	Other Governmental Funds	Water Division	Parking Division	Total
Transfer From	General fund	\$ —	13,143	1,550	—	—	14,693
	Capital Projects fund	80	—	—	—	—	80
	Other Governmental Funds	10,510	7,152	—	235	1,058	18,955
	Airport	5,553	—	—	—	—	5,553
	Water Division	2,625	—	—	—	—	2,625
	Parking Division	1,000	—	—	—	—	1,000
		\$ 19,768	20,295	1,550	235	1,058	42,906

Interfund transfers were used to: (1) move revenues from the fund that ordinance or budget requires to collect them to the fund that ordinance or budget requires to expend them, (2) use unrestricted revenues collected in the general fund to finance capital improvements and other funds in accordance with budgetary authorization, or (3) move revenues in excess of current year expenditures to other funds. Additionally, gross receipt payments from the Airport, the Water Division, and the Parking Division are handled as transfers from each respective enterprise fund to the general fund.

23. COMMITMENTS AND CONTINGENCIES

a. Grants

In connection with various federal, state, and local grant programs, the City is obligated to administer related programs and spend the grant moneys in accordance with regulatory restrictions and is subject to audit by the grantor agencies. In cases of noncompliance, the agencies involved may require the City to refund program moneys. Through June 30, 2007, claims have been made on the City to make refunds under certain programs and other programs are still open as to compliance determination by the respective agencies. In the opinion of City officials, settlement of these matters will not result in a material liability to the City.

City of St. Louis, Missouri
Notes to Basic Financial Statements, Continued
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b. Landfill Closure

Pursuant to the original agreement between the DNR and the City, the City will be closing the Hall Street Landfill. The property was a 47-acre demolition waste landfill located at 8700 Hall Street. The property is owned by SLDC. The City holds the operating permit and is responsible for the closing. In July 2001, the City entered into an irrevocable standby letter of credit in the amount of \$4,174 with DNR as the beneficiary. DNR may draw upon that letter of credit to complete the closure if the City does not fulfill its obligations under the agreement. As of June 30, 2007, no amounts had been drawn against the letter of credit by DNR. At June 30, 2007, \$120 has been recorded as a liability, which is an estimate of expenses the City will incur for closure and postclosure costs. In April 2007, the City notified DNR of completion of the project and is awaiting final acceptance by the state.

c. Commitments

At June 30, 2007, the City had outstanding commitments amounting to approximately \$60,072, resulting primarily from service agreements.

Additionally, at June 30, 2007, the Airport had outstanding commitments amounting to approximately \$49,528 resulting primarily from contracts for construction projects both related and unrelated to the W-1W expansion project.

d. American Airlines and Southwest Airlines

American Airlines (American) and Southwest Airlines (Southwest) represent the major air carriers providing air passenger service at the Airport.

American provided 22% of the Airport's total operating revenues and 36% of total revenues from signatory air carriers for the fiscal year ended June 30, 2007. Accounts receivable at June 30, 2007 contained of \$2,859 relating to amounts owed to the Airport by American. These amounts include \$1,525 of unbilled aviation revenues at June 30, 2007.

In 1993, the City purchased from Trans World Airlines, Inc. (TWA) all of TWA's leasehold interests relating to the use of certain gates, terminal support facilities, air cargo facilities, and improvements at the Airport, together with related personal property, leasehold interest in a hangar and office building, and a flight training facility (Purchased Assets). TWA had a month-to-month lease covering the Purchased Assets with automatic renewals through December 31, 2005. In conjunction with the sale of TWA's assets to American on April 9, 2001, American assumed TWA's obligations under the lease agreement.

Under the lease agreement, if during any month American has an average of less than 190 regularly scheduled departures, the City has a right to reclaim and redesignate the use of the gates and terminal support facilities and equipment to other airlines so that American would retain only the number of gates that represents an average of 3.33 daily flight departures per gate. In addition, under the lease agreement, if American fails to make a payment of any rents, fees, or charges, the City may terminate all of American's airport agreements and retain ownership of all assets acquired under the purchase transaction.

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Lease revenue under the agreement was \$0 for the years ended June 30, 2007. The agreement expired on December 31, 2005.

Southwest provided 20% of the Airport's total operating revenues and 30% of total revenues from signatory air carriers for the fiscal year ended June 30, 2007. Accounts receivable at June 30, 2007 contained of \$2,937 relating to amounts owed to the Airport by Southwest. These amounts include \$1,564 of unbilled aviation revenues at June 30, 2007.

e. Airport Expansion

On September 30, 1998, the City received a favorable Record of Decision from the FAA for the W-1W expansion of the Airport, marking the beginning of a new economic era for aviation in St. Louis. The proposed \$2.6 billion program will provide the building blocks for a highly competitive "world class" aviation system for the 21st century, including one additional 9,000 foot parallel runway to add capacity in all weather conditions, and renovation of the Airport's existing runway and taxiway system.

The construction of this program will be funded with Airport development funds, passenger facilities charges, FAA improvement program grants, and Airport revenue bonds. During fiscal year 2001, the Series 2000 LOI Double Barrel Revenue Bonds and the Series 2001A Airport Revenue Bonds were issued as part of the overall funding plan for this program. During fiscal year 2003, the Series 2002 Airport Revenue Bonds and Series 2003A Airport Revenue Refunding Bonds were issued to refinance the Series 2000 LOI Double Barrel Revenue Bonds and to provide additional financing for the project.

Lawsuits previously filed by the cities of St. Charles and Bridgeton, Missouri challenging the project have been adjudicated and fully reviewed by the appellate courts. In both cases, final judgments were rendered in favor of the City and the Airport. As of June 30, 2007, land acquisition activities relative to the W-1W expansion project are complete.

f. Asbestos Removal

The Water Division has identified certain of its structures as having asbestos in place. As part of its continuing process of upgrading facilities, the costs for removal of the asbestos material and restoration or replacement of the affected areas are being included in budgets for capital projects. No mandatory time requirement is in effect. The removal plan would be accelerated by changes in plans for remodeling, if any.

g. Component Unit—SLDC

In the normal course of its operations, certain lawsuits and legal action are pending against SLDC. In the opinion of SLDC officials and legal counsel, these items are not expected to have a material effect, individually or in the aggregate, upon the financial position or the results of operations of SLDC.

In addition, certain properties held for development may be subject to future environmental remediation costs. In the opinion of SLDC officials, these costs would not have a material adverse effect upon the financial position or the results of operations of SLDC.

City of St. Louis, Missouri
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SLDC has entered into various cooperative agreements with the CDA as a subrecipient/administrator of the Community Development Block Grant Programs. The purpose of these grants and contracts is to provide support for economic development in the City.

SLDC has been awarded federal tax credits through the U.S. Department of Treasury's New Markets Tax Credit Program to support \$52,000 in private investments in low-income areas. The entire \$52,000 of tax credits had been allocated to seven entities of which six of the transactions has closed as of June 30, 2007. SLDC has received administrative and sponsor fees totaling \$2,325 as of June 30, 2007. SLDC has incurred \$786 of related legal, accounting, and financial start-up expenses and recorded \$786 of revenue as of June 30, 2007. SLDC is holding the remaining amount of \$1,538 in cash and investments with a corresponding liability recorded to be recognized as revenue when expenses or program initiatives to the NMTC are incurred.

h. Component Units—SLDC and SLPD

SLDC and SLPD receive financial assistance from several federal, state, and local government agencies in the form of grants and contracts. The disbursements of funds received under these programs generally require compliance with terms and conditions specified in the contract and grant agreements and are subject to audit by the granting agencies. Any disallowed claims resulting from such audits could become an SLDC or SLPD liability. However, in the opinion of their respective management, any such disallowed claims will not have a material effect on the financial statements of SLDC or SLPD at June 30, 2007.

24. RISK MANAGEMENT

a. Primary Government

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City is self-insured with respect to its obligation to provide workers' compensation, general liability, unemployment benefits, and prescription drug coverage. Effective February 1, 2003, the City became self-insured for property damage caused by garbage and refuse trucks. The City has sovereign tort immunity from liability and suit for compensatory damages for negligent acts or omissions, except in the case of injuries arising out of the operation of City motor vehicles or caused by the condition of City property. The maximum claim settlement established by state statute for such claims is \$300 per person and \$2,000 per occurrence. Various claims and legal actions involving the City are presently pending. Additionally, a number of legal suits against SLPD are presently pending for alleged wrongful personal injuries, civil rights violations, and negligence in the line of duty. The City's policy is to record these claims in its government-wide financial statements when it is probable that a liability has been incurred and the amount can be reasonably estimated.

For workers' compensation and general liability, the estimated liability for payment of incurred (both reported and unreported) but unpaid claims and claim adjustment expenditures of \$15,765 at June 30, 2007, relating to these matters is recorded in the self-insurance internal service fund—PFPC. The City obtains periodic funding valuations from a claims-servicing company managing the appropriate level of estimated claims liability. Enterprise funds reimburse PFPC on a cost-reimbursement basis.

City of St. Louis, Missouri
Notes to Basic Financial Statements, Continued
June 30, 2007
(dollars in thousands)

The City was also self-insured for healthcare coverage for its employees and retirees through June 12, 2004 and June 30, 2004, respectively. The City was self-insured for healthcare coverage for employees of Harry S. Truman Restorative Center (HSTRC) and Tower Grove Park through June 30, 2004. Effective June 13, 2004, for employees of the City and July 1, 2004 for retirees and employees of HSTRC and Tower Grove Park, the City elected to purchase commercial insurance for its previously self-insured health insurance program. The City remains self-insured for the prescription drug coverage provided to employees and retirees. Additionally, the City is still self-insured for any healthcare claims that arise from incidents occurring prior to June 13, 2004 for employees and July 1, 2004 for retirees and employees of HSTRC and Tower Grove Park.

For the period the City was self-insured for healthcare coverage, it paid the cost of the lowest available coverage for all City employees. Employees were required to pay, through bi-weekly payroll deductions, for a higher level of care, if desired, or for coverage of a spouse and/or dependents. Retirees and employees of HSTRC and Tower Grove Park had to contribute a monthly amount to cover the cost of their healthcare if participating in the plan. During the self-insured period, all funding levels were actuarially determined at the start of the plan and reevaluated at the beginning of each fiscal year.

For healthcare coverage, the estimated liability for payment of incurred but unpaid claims and claim adjustment expenditures of \$579 at June 30, 2007 relating to such matters is recorded in the self-insurance internal service fund—health.

The City maintains surety bonds on various employees that handle cash. In addition, the City purchases commercial insurance for other risks, including property damage and liability coverage applicable to the Airport and Cervantes Convention Center. There were no significant changes in coverage for the year ended June 30, 2007 and, for the years ended June 30, 2007, 2006, and 2005 settlements did not exceed coverage.

City of St. Louis, Missouri
Notes to Basic Financial Statements, Continued
June 30, 2007
(dollars in thousands)

Changes in the self-insurance claims liability for the years ended June 30, 2007 and 2006 are as follows:

		Beginning Balance	Current Year Claims and Changes in Estimates	Claim Payments	Ending Balance
2007	\$	17,019	12,942	(13,617)	16,344
2006		17,404	14,161	(14,546)	17,019

Additionally, there is an estimate of general liability claims outstanding of \$6,657 to \$6,682, which the City Counselor's office has determined there is a reasonable possibility that a loss contingency may be incurred but no accrual has been made within the government-wide financial statements or fund financial statements because the loss is not both probable and estimate able.

b. Component Unit—SLPD

SLPD is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. A number of legal suits against SLPD are presently pending for alleged wrongful personal injuries, civil rights violations, and negligence in the line of duty.

During fiscal year 2005, the Court of Appeals for the State of Missouri affirmed that under Missouri State Statutes, Chapter 84, the SLPD is an agency of the state. As an agency of the state, the SLPD was covered by the State of Missouri's legal expense fund for most general liability and various other claims and legal actions occurring prior to August 28, 2005. On August 28, 2005, Missouri legislations became effective modifying the coverage provided to the SLPD by the State of Missouri for general liability and various other claims and legal actions. State of Missouri Bill No. 420 provides that the State of Missouri is liable annually for funding general liability claims on an equal share basis per claim with the Public Facilities Protection Corporation (PFPC), an internal service fund of the City of St. Louis, up to a maximum of \$1,000. The SLPD is covered by PFPC for most self-insured risks, including general liability and various other claims and legal actions, exceeding the limitations set forth by the enacted legislation. Accounting for and funding of these self-insured risks is generally covered by the City. As of June 30, 2007, \$200 of claims with a reasonable possibility of adverse outcome were not covered by the City. No amounts have been accrued within the accompanying financial statements for these claims.

SLPD has established a risk management program and retains the risk related to workers' compensation. At June 30, 2007, these liabilities amounted to \$40,357 for workers' compensation. Of SLPD's total worker's compensation liability, \$32,985 has been accrued for benefits to be paid for long-term medical care for two officers seriously injured in the line of duty. Benefit payments for these two cases amounted to approximately \$1,202 for the year ended June 30, 2007.

City of St. Louis, Missouri
Notes to Basic Financial Statements, Continued
June 30, 2007
(dollars in thousands)

Changes in the balances of workers' compensation claims liabilities for the years ended June 30, 2007 and 2006 are as follows:

		Beginning Balance	Current Year Claims and Changes in Estimates	Claim Payments	Ending Balance
2007	\$	40,786	3,918	(4,347)	40,357
2006		45,968	(388)	(4,794)	40,786

The SLPD obtains periodic funding valuations from a third-party administrator who manages workers' compensation claims to maintain the appropriate level of estimated claims liability. The SLPD also purchases excess liability coverage for workers' compensation claims.

25. GRANT LOAN PROGRAMS

The City's general fund and grants fund include the activities of the CDA that, among other activities, makes loans to developers under the Housing Implementation Program. This program, which is administered for the City by certain financial institutions, provides funds to rehabilitate housing units for low- and moderate-income families. These loans typically are noninterest bearing, due in 25 years, and secured by a second deed of trust. CDA also made loans under the Urban Development Action Grant (UDAG) program to assist organizations with development projects within the City. These loans typically have a lower-than-market interest rate and payback periods ranging from 10 to 40 years after completion of the projects.

Any funds received from the repayments of these loans are to be spent by the City in accordance with Community Development Block Grant program regulations. Since repayment of the loans is dependent on the success of projects that involve considerable risk, collectibility is not assured, and accordingly, the City reflects these loans as an expenditure of the grants fund in the year the loans are made. Any loan repayments are reflected as intergovernmental revenue (or deferred revenue if moneys have not been spent) in the year of receipt.

26. COMPONENT UNIT—SLDC CONDUIT DEBT

SLDC facilitates the issuance of tax-exempt bonds for various private enterprises and government agencies. After the bonds are sold, the proceeds are typically used to purchase real estate or fund capital improvements for the respective organization. These organizations enter into lease agreements with SLDC that are, in substance, sales of the related properties or improvements. SLDC assigns these leases to various trusts that collect the lease payments to satisfy the debt service requirements. After SLDC assigns the leases to the trusts, the properties are no longer under their control and they have no liability for the bonds. Therefore, transactions related to the leases and the bond liability are not presented in SLDC's financial statements. The amount of tax-exempt bonds outstanding at June 30, 2007 could not be determined; however, the original issue amounts totaled approximately \$2 billion (in dollars).

City of St. Louis, Missouri
Notes to Basic Financial Statements, Continued
June 30, 2007
(dollars in thousands)

27. TRANSPORTATION DEVELOPMENT DISTRICT

In August 2003, the City and a hotel developer entered into an agreement for the creation of a transportation development district (TDD). The TDD is a separate political subdivision of the State. Its boundaries coincide with the property upon which the hotel developer is constructing a new 206-room hotel and 415-car garage. During 2005, the TDD issued \$6,350 in TDD obligations to finance this construction. The TDD has the authority to levy a 1% sales tax within the district in order to repay this debt, which the City collects on behalf of the TDD and remits to the TDD. Since the TDD obligations were issued in the name of the TDD, and the 1% sales tax that will finance these obligations is levied under the authority of the TDD, these TDD obligations are not recorded as a liability within the accompanying financial statements. Additionally, the City has agreed to pledge 75% of the City tax revenues generated within the district to the TDD in exchange for the TDD's pledge to leave at least 200 of the spaces in the parking garage available for public use.

On April 5, 2007, the City and the Highlands TDD entered into an Intergovernmental Cooperation Access and Parking Agreement in which the district has pledged an annual appropriation of the TDD Revenues to pay TDD notes. A TDD Revenue Note Series 2007B was issued in the amount of \$605 at an interest rate of 6%. Since the TDD obligations were issued in the name of the TDD, and the 1% sales tax which will finance these obligations is levied under the authority of the TDD, these TDD obligations are not recorded as a liability within the accompanying financial statements.

28. SUBSEQUENT EVENTS

a. Tax and Revenue Anticipation Notes

The City issues tax and revenue anticipation notes in advance of property tax collections, depositing the proceeds in its general fund. In July 2007, the City issued \$32,000 in Tax and Revenue Anticipation Notes payable from the general fund. The notes mature on June 30, 2008 and bear interest at a rate of 4.50% per year.

b. Issuance of the Recreation Sales Tax Leasehold Revenue Bonds Series 2007

On July 12, 2007, the SLMFC issued the Recreation Sales Tax Leasehold Revenue Bonds Series 2007 in the amount of \$51,965. The Series 2007 Bonds will be used to pay the costs of designing and constructing two new recreational center facilities. The Series 2007 Bonds are due in installments through February 2024 and bear an interest rate ranging from 4.0% to 5.0%.

c. Airport Commercial Paper

On September 5, 2007, the Airport issued \$1,000 in Series 2004A Commercial Paper Notes, due November 13, 2007, at an annual interest rate of 3.85% for the purpose of financing the cost of extension, improvement, purchase, acquisition, construction, or enlargement of facilities, appurtenances, and equipment at the Airport.

On November 13, 2007, the Airport issued \$1,000 in Series 2004A Commercial Paper Notes, due March 10, 2008, at an annual interest rate of 3.40% for the purpose of financing the cost of extension,

City of St. Louis, Missouri
Notes to Basic Financial Statements, Continued
June 30, 2007
(dollars in thousands)

improvement, purchase, acquisition, construction, or enlargement of facilities, appurtenances, and equipment at the Airport.

d. Issuance of the Taxable Leasehold Revenue and Refunding Bonds (Pension Funding Project)

On September 27, 2007, the SLMFC issued the Taxable Leasehold Revenue and Refunding Bonds Series (Pension Funding Project) in the amount of \$140,030. The proceeds of the Series 2007 Bonds were issued for the purpose of paying certain judgments and other amounts in connection with the City's three defined retirement plans. The Series 2007 Bonds are 6.5% term bonds due June 1, 2037 at 95.891% to yield 6.663%.

e. Tax Increment Revenue Notes

Subsequent to June 30, 2007, the City issued tax increment revenue notes totaling \$6,508 with interest rates ranging from 5.50% to 7.0%.

f. Tax Increment and Community Improvement District Refunding Revenue Bonds

On November 27, 2007, the City issued tax increment refunding revenue bonds for the Loughborough Commons Redevelopment Project totaling \$18,430. The bonds will be used to refund Tax Increment Financing Notes and the Community Improvement District Notes issued for the Loughborough Redevelopment Projects. The bonds mature on November 1, 2027 and bear interest ranging from 5.05% to 5.75%.

g. Parking Revenue Bonds Series 2007

On December 13, 2007, the Parking Division issued \$12,705 Parking Revenue Bonds Series 2007 to fund the construction of the Downtown Justice Center Garage, a 538-car parking garage. The garage will be immediately adjacent to the City's new Justice Center and the Parking Division's Chouteau Building. The Series 2007 Bonds are due in installments through June 2034 and bear an interest rate ranging from 4.125% to 6.0%.

h. Police Capital Improvements Sales Tax Leasehold Revenue Bonds

On December 13, 2007, the SLMFC issued \$25,000 in Police Capital Improvements Sales Tax Leasehold Revenue Bonds Series 2007. The bonds will be used for capital improvements to three area command stations and other buildings owned by the Police Board, including the headquarters for the Police Department and the Police Academy. Certain interoperable communications equipment will be purchased to be used by the City police, fire, and EMS personnel. A portion of the Series 2007 Bonds are due in installments through February 2021 and bear an interest rate ranging from 3.625% to 4.1%. The remainder are term Bonds due between 2023 and 2037 and bear an interest rate ranging from 4.25% to 5.0%.

i. Rolling Stock

On November 29, 2007, the City amended its capital lease agreement to increase the capital lease by \$825 in order to finance the acquisition computer hardware and software. This portion of the capital

City of St. Louis, Missouri
Notes to Basic Financial Statements, Continued
June 30, 2007
(dollars in thousands)

lease is due in semi-annual installments from 2008 through 2010 with an annual interest rate of 4.0238%.

29. FUTURE ACCOUNTING PRONOUNCEMENTS

GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pension Plans*, establishes standards for the measurement, recognition, and display of OPEB expense/expenditures and related liabilities (assets), note disclosures, and, if applicable, required supplementary information (RSI) in the financial reports of state and local government employers. GASB Statement No. 45 will be effective for the City for the fiscal year ending June 30, 2008. Management of the City has not yet completed its assessment of the statements.

GASB Statement No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues*, establishes criteria that will be used to determine whether certain transactions should be regarded as a sale or a collateralized borrowing. This statement also includes a provision that entities should not revalue assets that are transferred between the financial reporting entity components. GASB Statement No. 48 will be effective for the City for the fiscal year ending June 30, 2008. The City has not yet determined the effect that adoption of GASB Statement No. 48 may have on the financial statements.

GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*, provides guidance on how to calculate and report the costs and obligations associated with pollution cleanup efforts. The requirements of the new statement will be effective for the City for the fiscal year ending June 30, 2009.

GASB Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*, requires all intangible assets not specifically excluded by its scope provisions be classified as capital assets. GASB Statement No. 51 also requires that an intangible asset be recognized only if it is considered identifiable. GASB Statement No. 51 will be effective for the City for the fiscal year ending June 30, 2010, if applicable. Management of the City has not yet completed its assessment of the statement.

City of St. Louis, Missouri
Schedule of Revenues, Expenditures, and Changes in Fund Balances –
Budget and Actual – General Fund – UNAUDITED
Year ended June 30, 2007
(dollars in thousands)

	<u>Original Budget</u>	<u>Final Revised Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES				
Taxes:				
Gross receipts	\$ 8,875	8,875	8,169	(706)
City earnings	131,700	131,700	136,433	4,733
Franchise	55,174	55,174	52,455	(2,719)
Sales	47,620	47,620	48,759	1,139
Property	46,550	46,550	48,293	1,743
Payroll	35,200	35,200	34,857	(343)
Motor vehicle	3,590	3,590	4,060	470
Other	625	625	907	282
Total taxes	<u>329,334</u>	<u>329,334</u>	<u>333,933</u>	<u>4,599</u>
Licenses and permits:				
Graduated business	7,643	7,643	7,322	(321)
Cigarette	1,846	1,846	1,775	(71)
Building division	6,805	6,805	6,300	(505)
Communication transmission	1,300	1,300	652	(648)
Liquor	432	432	438	6
Other	447	447	555	108
Motor vehicle	1,375	1,375	1,350	(25)
Total licenses and permits	<u>19,848</u>	<u>19,848</u>	<u>18,392</u>	<u>(1,456)</u>
Intergovernmental:				
Motor fuel tax allocation	10,100	10,100	10,054	(46)
Juvenile detention center	4,765	4,765	4,525	(240)
Public safety	2,453	2,453	2,436	(17)
Other intergovernmental	392	392	434	42
Total intergovernmental	<u>17,710</u>	<u>17,710</u>	<u>17,449</u>	<u>(261)</u>
Charges for services:				
Parks and recreation	532	532	704	172
Streets	2,687	2,687	2,723	36
Public safety	6,096	6,096	6,289	193
Health	411	411	346	(65)
Fee offices	7,257	7,257	6,449	(808)
Other	92	92	28	(64)
Services provided to other funds	4,587	4,587	4,391	(196)
Total charges for services	<u>21,662</u>	<u>21,662</u>	<u>20,930</u>	<u>(732)</u>
Court fines and forfeitures	<u>4,295</u>	<u>4,295</u>	<u>4,390</u>	<u>95</u>
Interest	<u>1,345</u>	<u>1,345</u>	<u>2,830</u>	<u>1,485</u>
Miscellaneous	<u>3,209</u>	<u>3,209</u>	<u>3,139</u>	<u>(70)</u>
Total revenues	<u>397,403</u>	<u>397,403</u>	<u>401,063</u>	<u>3,660</u>
EXPENDITURES (Page 136)	<u>285,279</u>	<u>285,444</u>	<u>279,635</u>	<u>5,809</u>
Excess of revenues over expenditures	112,124	111,959	121,428	9,469
Other financing sources (uses):				
Transfers in	24,152	24,152	23,298	(854)
Transfers to component units	(136,023)	(136,038)	(131,775)	4,263
Transfers out	(8,722)	(8,572)	(12,741)	(4,169)
Total other financing sources (uses), net	<u>(120,593)</u>	<u>(120,458)</u>	<u>(121,218)</u>	<u>(760)</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	<u>\$ (8,469)</u>	<u>(8,499)</u>	<u>210</u>	<u>8,709</u>

See accompanying independent auditors' report.

Schedule 1, Continued

City of St. Louis, Missouri
Schedule of Revenues, Expenditures, and Changes in Fund Balances –
Budget and Actual – General Fund – UNAUDITED
Year ended June 30, 2007
(dollars in thousands)

	Original Budget	Final Revised Budget	Personal Services	Actual Other Expenditures	Total Expenditures	Variance with Final Budget Positive (Negative)
General government:						
110 Board of Alderman	\$ 2,443	2,423	2,102	168	2,270	153
120 Mayor's Office	1,967	1,967	1,717	180	1,897	70
121 St. Louis Office on Training & Employment	249	249	110	—	110	139
123 Department of Personnel	2,850	2,856	2,710	342	3,052	(196)
124 Registrar	168	168	140	6	146	22
126 Civil Rights Enforcement Agency	358	358	321	20	341	17
127 Information Technology Service Agency	5,178	4,992	2,914	2,346	5,260	(268)
137 Division of the Budget	645	645	496	107	603	42
139 City Counselor	5,673	5,673	3,250	2,197	5,447	226
160 Comptroller	7,553	7,548	3,943	3,449	7,392	156
162 Municipal Garage	283	283	239	19	258	25
163 Microfilm Section	330	330	261	53	314	16
170 Supply Commissioner	593	593	564	17	581	12
171 Multigraph Section	1,083	1,103	504	531	1,035	68
330 Tax Equalization Board	10	10	6	—	6	4
333 Recorder of Deeds	2,353	2,353	1,973	304	2,277	76
334 Election and Registration	3,073	3,073	1,973	887	2,860	213
340 Treasurer	656	656	642	19	661	(5)
Prior year encumbrance	778	778	—	185	185	593
Sub total general government	36,243	36,058	23,865	10,830	34,695	1,363
190 City-Wide Accounts	4,882	4,883	4,134	698	4,832	51
Total general government	41,125	40,941	27,999	11,528	39,527	1,414
Convention and tourism:						
930 Soldier's Memorial Building	200	200	109	47	156	44
Total convention and tourism	200	200	109	47	156	44
Parks and recreation:						
210 Director of Parks, Recreation and Forestry	407	407	345	38	383	24
213 Division of Recreation	2,010	2,010	1,847	142	1,989	21
214 Division of Forestry	6,600	6,600	6,542	216	6,758	(158)
220 Division of Parks	9,293	9,279	8,554	769	9,323	(44)
250 Tower Grove Park	696	696	—	696	696	—
Total parks and recreation	19,006	18,992	17,288	1,861	19,149	(157)
						(continued)

City of St. Louis, Missouri
Schedule of Revenues, Expenditures, and Changes in Fund Balances –
Budget and Actual – General Fund – UNAUDITED
Year ended June 30, 2007
(dollars in thousands)

	Original Budget	Final Revised Budget	Personal Services	Actual Other Expenditures	Total Expenditures	Variance with Final Budget Positive (Negative)
Judicial:						
310 Circuit Court (Circuit Judges)	\$ 1,007	1,007	109	862	971	36
311 Circuit Court (General)	7,526	7,526	3,653	3,314	6,967	559
312 Circuit Attorney	5,846	5,846	5,423	432	5,855	(9)
313 Board of Jury Supervisors	1,457	1,457	486	859	1,345	112
314 Probate Court	98	98	—	88	88	10
315 Sheriff	7,889	7,889	7,690	267	7,957	(68)
316 City Courts	2,677	2,677	1,535	1,143	2,678	(1)
317 City Marshal	1,245	1,245	1,179	34	1,213	32
320 Probation Department and Juvenile Detention Center	14,943	14,943	12,830	1,690	14,520	423
321 Circuit Drug Court	475	475	—	154	154	321
Prior year encumbrance	323	323	—	268	268	55
Total judicial	43,486	43,486	32,905	9,111	42,016	1,470
Streets:						
510 Director of Streets	945	945	1,057	21	1,078	(133)
511 Transportation and Traffic Division	7,000	6,868	3,968	2,976	6,944	(76)
513 Auto Towing and Storage	1,694	1,594	1,235	170	1,405	189
514 Street Division	5,451	5,587	4,472	769	5,241	346
516 Refuse Division	12,853	12,803	6,300	5,932	12,232	571
Total streets	27,943	27,797	17,032	9,868	26,900	897
Public safety – fire:						
611 Fire Department Operations	49,168	49,168	47,769	1,670	49,439	(271)
612 Firemen's Retirement System	3,742	3,742	3,742	—	3,742	—
Total public safety – fire	52,910	52,910	51,511	1,670	53,181	(271)
Public safety – other:						
610 Director of Public Safety	676	676	628	34	662	14
616 Excise Commissioner	347	347	330	12	342	5
620 Building Commissioner	6,983	6,976	6,554	396	6,950	26
622 Neighborhood Stabilization	2,140	2,140	1,949	84	2,033	107
						(continued)

Schedule 1, Continued

City of St. Louis, Missouri
Schedule of Revenues, Expenditures, and Changes in Fund Balances –
Budget and Actual – General Fund – UNAUDITED
Year ended June 30, 2007
(dollars in thousands)

	Original Budget	Final Revised Budget	Personal Services	Actual Other Expenditures	Total Expenditures	Variance with Final Budget Positive (Negative)
Division of Adult Services:						
632 Medium Security Institution	\$ 15,476	15,476	10,523	4,590	15,113	363
633 City Jail	14,411	14,411	9,152	4,893	14,045	366
651 Police Retirement System	8,498	8,498	8,489	—	8,489	9
Total public safety – other	48,531	48,524	37,625	10,009	47,634	890
Health and welfare:						
335 Medical Examiner	1,670	1,670	644	941	1,585	85
800 Director of Human Services	1,318	1,318	1,139	133	1,272	46
Total health and welfare	2,988	2,988	1,783	1,074	2,857	131
Public services:						
414 Souldard Market	261	261	161	88	249	12
900 President's Office, Board of Public Services	2,936	2,985	2,271	332	2,603	382
903 Building Operations	9,712	9,712	2,644	6,543	9,187	525
910 Equipment Services Division	10,517	10,517	4,036	7,143	11,179	(662)
Total public services	23,426	23,475	9,112	14,106	23,218	257
Debt service:						
Principal	16,087	16,335	—	15,936	15,936	399
Interest and fiscal charges	9,577	9,796	—	9,061	9,061	735
Total debt service	25,664	26,131	—	24,997	24,997	1,134
Total expenditures (Page 133)	285,279	285,444	195,364	84,271	279,635	5,809

See accompanying independent auditors' report.

City of St. Louis, Missouri
Notes to Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual—General Fund – UNAUDITED
For the Year ended June 30, 2007
(Dollars in thousands)

1. EXPLANATION OF BUDGETARY PROCESS

The City prepares annual budgets for the general fund, the debt service fund, the capital projects fund, and the following nonmajor special revenue funds: use tax fund, transportation fund, convention and tourism fund, licensed gaming program fund, assessor's office fund, lateral sewer program fund, tax increment financing fund, communications division fund, public safety fund, and other budgeted special revenue fund. An annual budget is not prepared for the grants major special revenue fund.

The City follows the procedures outlined below in establishing the budgetary data:

- 1) On or before 60 days prior to the start of each fiscal year, the Budget Director submits to the Board of Estimate and Apportionment (E&A), which consists of the Mayor, the Comptroller, and the President of the Board of Aldermen, for approval and submission to the Board of Aldermen (Board), a proposed annual operating budget for the fiscal year commencing the following July 1. The operating budgets include proposed expenditures and the means of financing them at the sub-fund level. A public hearing is held by E&A in order to afford citizens an opportunity to be heard on the proposed budget. The Board may reduce any item, except amounts fixed by state statute or for the payment of principal or interest of the City debt or for meeting any ordinance obligations, but may not increase such amount nor insert new items. Expenditures may not legally exceed appropriations at the fund level; however, supplemental appropriations may be made by the Board.
- 2) The annual operating budgets are adopted by the affirmative vote of a majority of the members of the Board and approval by the Mayor on or before the last day of the preceding budget year. In the event the Board has not acted upon the proposed budget ordinance by this time, the budgets, as recommended by E&A or in its absence, the submission by the Budget Director, shall be considered to be adopted and approved by the Board.
- 3) During the year, management with the approval of E&A, may transfer part or all of any encumbered appropriation balance among programs within a department, office, or agency, without approval of the governing body. Legislative action is required when the budget for an entire fund is to be increased. The amount of such transfers during the year was not significant.
- 4) If it is determined that there are revenues in excess of those estimated in the budget that are available for appropriation, the Board may, by ordinance, make supplemental appropriations for the year up to the amount of such excess.
- 5) At the end of each budget period, all unencumbered appropriated balances lapse, with the exception of appropriations for capital improvements that lapse upon completion of the related capital improvement project.

Schedule 2, Continued

City of St. Louis, Missouri
Notes to Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual – General Fund – UNAUDITED (continued)
For the year ended June 30, 2007
(Dollars in thousands)

2. **EXPLANATION OF THE DIFFERENCES BETWEEN THE EXCESS/(DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES—BUDGET BASIS AND NET CHANGE IN FUND BALANCE—GAAP BASIS**

The City's budgetary process is based upon accounting for certain transactions on a basis other than accounting principles generally accepted for governmental entities in the United States of America (GAAP). To provide a meaningful comparison of actual results with the budget, the actual results of operations are presented in the Schedule of Revenues, Expenditures, and Changes in Fund Balances—Budget and Actual—General Fund in accordance with the budget basis of accounting.

The major differences between the budget and GAAP bases of accounting are:

- 1) Revenues are recorded when received in cash (budget), as opposed to when they are measurable and available (GAAP).
- 2) Expenditures are recorded when paid (budget), as opposed to when the obligation is incurred (GAAP).
- 3) Certain activities and funds of the general, special revenue, and capital projects fund types are not included in the annual operating budgets adopted by the Board.

Adjustments necessary to reconcile the excess (deficiency) of revenues and other financing sources over expenditures and other financing uses from the GAAP basis to the budget basis of accounting are as follows:

Budget basis	\$ 210
Increase (decrease) due to:	
Revenue accruals	(8,657)
Expenditure accruals	3,187
Unbudgeted activities and funds	(306)
GAAP basis	<u>\$ (5,566)</u>

3. **EXCESS OF EXPENDITURES OVER APPROPRIATIONS**

For the year ended June 30, 2007, expenditures exceeded appropriations in the following funds:

- Use Tax special revenue fund – \$(1,174)
- Communication Division special revenue fund – \$(104)

The overexpenditures occurred because of prior year encumbrances and commitments.

See accompanying independent auditors' report.

City of St. Louis, Missouri
Firemen's Retirement System of St. Louis and
Employees' Retirement System of the City of St. Louis Information –
UNAUDITED
June 30, 2007
(dollars in thousands)

Firemen's Retirement System of St. Louis

The following required supplementary information relates to the Firemen's Retirement System of St. Louis defined benefit pension plan:

Actuarial Valuation Date	Actuarial Value of System Assets (a)	Actuarial Accrued Liability (b)	Unfunded Actuarial Accrued Liability (UAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a/c)
10/1/06	\$ 410,869	\$ 440,580	\$ 29,711	93.3%	\$ 35,726	83.2%
10/1/05	391,182	429,764	38,582	91.0%	35,434	108.9%
10/1/04	369,893	408,660	38,767	90.5%	33,848	114.5%

Employees' Retirement System of the City of St. Louis

The following required supplementary information relates to the Employees' Retirement System of the City of St. Louis defined benefit pension plan:

Actuarial Valuation Date	Actuarial Value of System Assets (a)	Actuarial Accrued Liability (b)	Unfunded Actuarial Accrued Liability (UAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a/c)
10/1/06	\$ 554,066	\$ 695,890	\$ 141,824	79.6%	\$ 224,120	63.3%
10/1/05	527,733	666,182	138,449	79.2%	223,837	61.9%
10/1/04	431,853	602,795	170,942	71.6%	221,769	77.1%

See accompanying independent auditors' report.





Nonmajor Governmental Funds

Special Revenue Funds

Special revenue funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

Use Tax – Used to record revenue received from the local use tax and expenditures made to promote health and welfare activities.

Transportation – Used to record sales tax revenue and expenditures for transportation purposes.

Convention and Tourism – Used to record revenue received from the one-cent restaurant tax, 3½% hotel tax, and football admission gross receipts and expenditures made to promote convention and tourism activities.

Licensed Gaming Program – Used to record revenue received from adjusted gross receipts and admissions taxes imposed on riverboat gaming excursion boats.

Assessor's Office – Used to account for financial assistance received from the State of Missouri, commissions received from the collection of property taxes, and expenditures made to operate the Assessor's office.

Lateral Sewer Program – Used to account for revenue received from charges on specific residential support within the boundaries of the City of St. Louis and expenditures made to repair lateral sewer service lines leading from the residential properties to any sewer main that is maintained by the Metropolitan St. Louis Sewer District.

Collector of Revenue – Used to account for operating receipts and disbursements of the Collector of Revenue's office.

Tax Increment Financing – Used to account for the revenues, expenditures, and other activities relating to the tax increment financing districts.

Transportation Development – Used to record the proceeds of the one-cent transportation sales tax collected on behalf of and remitted to the transportation development districts.

License Collector – Used to account for the operating receipts and disbursements of the License Collector's office.

Communications Division – Used to record revenue received from the cable television franchise tax and expenditures made to promote public services activities.

Demolition and Board-up – Used to record revenue received from the City's insurance recovery program relative to its building demolition activities.

Public Safety Fund – Used to account for revenues derived from an increase in the graduated business license to be used for enhanced public safety.

Parks and Recreation – Used to account for revenues designated for parks and recreation.

Extraordinary Expenses – Used to account for expenses associated with storm damage or other extraordinary expenses.

Nonmajor Governmental Funds

Other Budgeted Special Revenue – Used to account for the activities of other less significant special revenue sources for which annual budgets are adopted.

Other Nonbudgeted Special Revenue – Used to account for the activities of other less significant special revenue sources for which annual budgets are not adopted.

Debt Service Fund

The debt service fund is used to account for the accumulation of resources for, and the payment of, long-term debt principal, interest, and related costs.

Schedule 4

City of St. Louis, Missouri
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2007
(dollars in thousands)

	Special Revenue									
	Use Tax	Transportation	Convention and Tourism	Licensed Gaming Program	Assessor's Office	Lateral Sewer Program	Collector of Revenue	Tax Increment Financing	Transportation Development	License Collector
ASSETS										
Cash and cash equivalents:										
Restricted	—	—	—	—	—	—	—	4,185	65	—
Unrestricted	483	—	1	162	129	485	1,204	5,446	3	3,724
Investments:										
Restricted	—	—	—	—	—	—	—	2,149	—	—
Unrestricted	9,066	—	1	261	210	2,738	—	8,818	6	—
Receivables, net of allowances:										
Taxes	4,347	4,056	2,504	466	—	—	—	8,542	—	—
Licenses and permits	—	—	—	—	—	—	—	—	—	—
Intergovernmental	—	—	—	—	—	—	—	—	—	—
Charges for services	—	—	—	—	—	592	—	—	—	—
Notes and loans	—	—	—	—	—	—	—	—	—	—
Other	—	—	—	—	—	—	—	—	—	—
Due from component units	—	—	—	—	—	—	—	—	—	—
Due from other funds	5,051	—	—	—	—	—	—	1,972	—	—
Total assets	<u>18,947</u>	<u>4,056</u>	<u>2,506</u>	<u>889</u>	<u>339</u>	<u>3,815</u>	<u>1,204</u>	<u>31,112</u>	<u>74</u>	<u>3,724</u>
LIABILITIES AND FUND BALANCES										
Liabilities:										
Accounts payable and accrued liabilities	867	—	—	—	1	78	—	109	—	—
Accrued salaries and other benefits	169	—	—	—	64	11	—	3	—	—
Due to component units	—	—	—	—	—	—	—	—	—	—
Due to other funds	—	279	335	—	—	—	—	—	—	—
Deferred revenue	—	—	—	—	—	483	—	8,500	—	—
Other liabilities	—	—	—	—	—	—	1,204	—	—	—
Total liabilities	<u>1,036</u>	<u>279</u>	<u>335</u>	<u>—</u>	<u>65</u>	<u>572</u>	<u>1,204</u>	<u>8,612</u>	<u>—</u>	<u>—</u>
Fund balances:										
Reserved:										
Encumbrances	3,862	—	—	—	11	115	—	1	—	—
Debt service	—	—	—	—	—	—	—	7,728	—	—
Unreserved, reported in:										
Special revenue funds	14,049	3,777	2,171	889	263	3,128	—	14,771	74	3,724
Total fund balances	<u>17,911</u>	<u>3,777</u>	<u>2,171</u>	<u>889</u>	<u>274</u>	<u>3,243</u>	<u>—</u>	<u>22,500</u>	<u>74</u>	<u>3,724</u>
Total liabilities and fund balances	<u>18,947</u>	<u>4,056</u>	<u>2,506</u>	<u>889</u>	<u>339</u>	<u>3,815</u>	<u>1,204</u>	<u>31,112</u>	<u>74</u>	<u>3,724</u>

See accompanying independent auditors' report.

Continued

City of St. Louis, Missouri
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2007
(dollars in thousands)

	Special Revenue											Total Other Governmental Fund
	Communications Division	Demolition and Board-up	Public Safety Fund	Parks and Recreation	Extra-Ordinary Expenses	Other Budgeted Special Revenue	Other Nonbudgeted Special Revenue	Total Special Revenue	Debt Service Fund			
ASSETS												
Cash and cash equivalents:												
Restricted	—	803	—	2,000	—	4	107	6,361	—	6,361	—	6,361
Unrestricted	89	—	1,033	707	—	2,928	1,090	18,287	8,001	26,288	—	26,288
Investments:												
Restricted	—	—	—	—	—	—	—	2,149	—	2,149	—	2,149
Unrestricted	144	1,297	1,668	1,143	—	4,721	3,021	33,094	—	33,094	—	33,094
Receivables, net of allowances:												
Taxes	437	—	—	620	—	376	—	21,348	7,342	28,690	—	28,690
Licenses and permits	—	—	240	—	—	—	—	240	—	240	—	240
Intergovernmental	—	—	—	—	1,403	181	66	1,650	—	1,650	—	1,650
Charges for services	—	—	—	—	—	1,460	129	2,181	—	2,181	—	2,181
Notes and loans	—	—	—	—	—	—	79	79	—	79	—	79
Other	—	54	—	—	—	227	313	594	—	594	—	594
Due from component units	—	—	—	—	—	—	—	—	—	—	—	—
Due from other funds	—	—	—	—	—	—	—	7,023	—	7,023	—	7,023
Total assets	670	2,154	2,941	4,470	1,403	9,897	4,805	93,006	15,343	108,349	—	108,349
LIABILITIES AND FUND BALANCES												
Liabilities:												
Accounts payable and accrued liabilities	10	194	—	—	—	363	132	1,754	—	1,754	—	1,754
Accrued salaries and other benefits	23	—	10	34	—	79	—	393	—	393	—	393
Due to component units	—	—	—	—	—	198	2,761	2,959	—	2,959	—	2,959
Due to other funds	—	—	—	17	2,288	—	—	2,919	—	2,919	—	2,919
Deferred revenue	—	54	87	—	1,309	3,807	303	14,543	7,298	21,841	—	21,841
Other liabilities	—	—	—	—	—	—	—	1,204	—	1,204	—	1,204
Total liabilities	33	248	97	51	3,597	4,447	3,196	23,772	7,298	31,070	—	31,070
Fund balances:												
Reserved:												
Encumbrances	—	—	—	—	—	947	—	4,936	—	4,936	—	4,936
Debt service	—	—	—	—	—	—	—	7,728	8,045	15,773	—	15,773
Unreserved, reported in:												
Special revenue funds	637	1,906	2,844	4,419	(2,194)	4,503	1,609	56,570	—	56,570	—	56,570
Total fund balances	637	1,906	2,844	4,419	(2,194)	5,450	1,609	69,234	8,045	77,279	—	77,279
Total liabilities and fund balances	670	2,154	2,941	4,470	1,403	9,897	4,805	93,006	15,343	108,349	—	108,349

See accompanying independent auditors' report.

City of St. Louis, Missouri
Combining Statements of Revenues, Expenditures, and Changes to Fund Balances
Nonmajor Governmental Funds
Year ended June 30, 2007
(dollars in thousands)

Special Revenue												
	Use Tax	Transportation	Convention and Tourism	Licensed Gaming Program	Assessor's Office	Lateral Sewer Program	Collector of Revenue	Tax Increment Financing	Transportation Development	License Collector		
REVENUES	\$	27,709	26,973	10,539	4,221	1,824	—	—	13,521	123	—	—
		—	—	—	—	—	—	—	10	—	—	—
		—	—	—	—	826	—	—	807	123	—	—
		—	—	—	—	13	2,662	5,094	—	—	2,007	—
		—	—	—	—	—	—	—	—	—	—	—
	393	71	—	14	1	95	1,522	168	1	167	—	—
	—	—	—	—	—	—	99	3,231	—	—	—	—
	28,102	27,044	10,539	4,235	2,664	2,757	6,715	17,737	247	2,174		
EXPENDITURES		43	—	135	200	4,044	63	6,715	653	123	1,473	—
		—	—	—	—	—	—	—	—	—	—	—
		—	—	—	—	—	—	—	—	—	—	—
		—	—	—	—	—	—	—	—	—	—	—
		—	—	—	—	—	—	—	—	—	—	—
		1,052	—	—	—	—	—	—	—	—	—	—
		</										

See accompanying independent auditors' report.

Continued

City of St. Louis, Missouri
Combining Statements of Revenues, Expenditures, and Changes to Fund Balances
Nonmajor Governmental Funds
Year ended June 30, 2007
(dollars in thousands)

	Communications Division	Demolition and Board-up	Special Revenue					Other Nonbudgeted Special Revenue	Total Special Revenue	Debt Service Fund	Total Other Governmental Fund
			Public Safety Fund	Parks and Recreation	Extra Ordinary Expenses	Budgeted Special Revenue	Other Special Revenue				
REVENUES											
Taxes	1,695	—	—	940	—	4,941	—	—	92,486	6,054	98,540
Licenses and permits	—	—	3,093	—	—	2,908	—	—	6,011	—	6,011
Intergovernmental	—	—	—	—	4,789	1,897	462	—	8,904	—	8,904
Charges for services, net	—	13	—	—	—	1,943	239	—	11,971	—	11,971
Court fines and forfeitures	—	—	—	—	—	161	—	—	161	—	161
Investment income	—	—	4	3	—	265	27	—	2,742	303	3,045
Miscellaneous	—	1,685	—	3,510	70	2,163	620	—	11,378	—	11,378
Total	1,695	1,709	3,097	4,453	4,859	14,278	1,348	—	133,653	6,357	140,010
EXPENDITURES											
General government	137	—	8	—	—	1,682	417	—	15,693	—	15,693
Convention and tourism	—	—	—	—	—	—	—	—	—	—	—
Parks and recreation	—	41	—	34	—	1,434	162	—	1,671	—	1,671
Judicial	—	—	245	—	—	2,127	321	—	2,693	—	2,693
Streets	—	—	—	—	—	417	54	—	1,523	—	1,523
Public safety:											
Fire	—	—	—	—	—	—	16	—	37	—	37
Police	—	—	—	—	—	85	—	—	5,190	—	5,190
Other	—	1,200	—	—	—	2,870	—	—	9,284	—	9,284
Health and welfare	—	—	—	—	—	207	8	—	20,707	—	20,707
Public services	1,267	—	—	—	6,818	—	6	—	37,255	—	37,255
Community development	—	—	—	—	—	—	—	—	43,852	—	43,852
Capital outlay	—	—	—	—	—	6,900	—	—	6,900	—	6,900
Debt service:											
Principal	—	—	—	—	—	—	15	—	3,895	3,400	7,295
Interest and fiscal charges	—	—	—	—	—	196	6	—	7,281	2,151	9,432
Total expenditures	1,404	1,241	253	34	6,818	15,918	1,005	—	155,981	5,551	161,532
Excess (deficiency) of revenues over expenditures	291	468	2,844	4,419	(1,959)	(1,640)	343	—	(22,328)	806	(21,522)
OTHER FINANCING SOURCES (USES)											
Issuance of tax increment revenue notes	—	—	—	—	—	—	—	—	55,158	—	55,158
Issuance of capital lease	—	—	—	—	—	4,000	—	—	4,000	—	4,000
Discount on TIF bond issuance	—	—	—	—	—	—	—	—	(40)	—	(40)
Payment to TIF noteholder	—	—	—	—	—	—	—	—	(7,500)	—	(7,500)
Transfers in	—	30	—	—	—	(127)	17	—	1,550	—	1,550
Transfers out	(325)	—	—	—	(235)	(4,388)	(30)	—	(18,955)	—	(18,955)
Total other financing sources (uses), net	(325)	30	—	—	(235)	(515)	(13)	—	34,213	—	34,213
Net change in fund balances	(34)	498	2,844	4,419	(2,194)	(2,155)	330	—	11,885	806	12,691
Fund balances:											
Beginning of year	671	1,408	—	—	—	7,605	1,279	—	57,349	7,239	64,588
End of year	637	1,906	2,844	4,419	(2,194)	5,450	1,609	—	69,234	8,045	77,279

See accompanying independent auditors' report.

Schedule 6

City of St. Louis, Missouri
Use Tax Special Revenue Fund – Nonmajor Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances –
Budget and Actual
Year ended June 30, 2007
(dollars in thousands)

	Original Budget	Final Revised Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 25,800	25,800	27,613	1,813
Licenses and permits	—	—	—	—
Intergovernmental	—	—	—	—
Charges for service, net	—	—	—	—
Court fines and forfeitures	—	—	—	—
Investment income	35	35	397	362
Miscellaneous	—	—	—	—
Total revenues	<u>25,835</u>	<u>25,835</u>	<u>28,010</u>	<u>2,175</u>
Expenditures:				
Current:				
General government	23	23	41	(18)
Convention and tourism	—	—	—	—
Parks and recreation	—	—	—	—
Judicial	—	—	—	—
Streets	1,053	1,053	1,052	1
Public safety:				
Fire	—	—	—	—
Police	3,756	3,756	3,755	1
Other	4,908	4,908	4,969	(61)
Health and welfare	19,218	19,218	20,315	(1,097)
Public service	—	—	—	—
Capital outlay	—	—	—	—
Debt service	—	—	—	—
Total expenditures	<u>28,958</u>	<u>28,958</u>	<u>30,132</u>	<u>(1,174)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(3,123)</u>	<u>(3,123)</u>	<u>(2,122)</u>	<u>1,001</u>
Other financing sources (uses):				
Transfers in	—	—	—	—
Transfers out	—	—	—	—
Net change in fund balances	<u>\$ (3,123)</u>	<u>(3,123)</u>	<u>(2,122)</u>	<u>1,001</u>

See accompanying independent auditors' report.

City of St. Louis, Missouri
Transportation Special Revenue Fund – Nonmajor Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances –
Budget and Actual
Year ended June 30, 2007
(dollars in thousands)

	Original Budget	Final Revised Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 28,793	28,793	26,871	(1,922)
Licenses and permits	—	—	—	—
Intergovernmental	—	—	—	—
Charges for service, net	—	—	—	—
Court fines and forfeitures	—	—	—	—
Investment income	75	75	71	(4)
Miscellaneous	—	—	—	—
Total revenues	<u>28,868</u>	<u>28,868</u>	<u>26,942</u>	<u>(1,926)</u>
Expenditures:				
Current:				
General government	—	—	—	—
Convention and tourism	—	—	—	—
Parks and recreation	—	—	—	—
Judicial	—	—	—	—
Streets	—	—	—	—
Public safety:				
Fire	—	—	—	—
Police	—	—	—	—
Other	—	—	—	—
Health and welfare	—	—	—	—
Public service	28,868	28,868	26,953	1,915
Capital outlay	—	—	—	—
Debt service	—	—	—	—
Total expenditures	<u>28,868</u>	<u>28,868</u>	<u>26,953</u>	<u>1,915</u>
Excess (deficiency) of revenues over (under) expenditures	<u>—</u>	<u>—</u>	<u>(11)</u>	<u>(11)</u>
Other financing sources (uses):				
Transfers in	—	—	2	2
Transfers out	(75)	(75)	(71)	4
	<u>(75)</u>	<u>(75)</u>	<u>(69)</u>	<u>6</u>
Net change in fund balances	<u>\$ (75)</u>	<u>(75)</u>	<u>(80)</u>	<u>(5)</u>

See accompanying independent auditors' report.

Schedule 8

City of St. Louis, Missouri
Convention and Tourism Special Revenue Fund – Nonmajor Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances –
Budget and Actual
Year ended June 30, 2007
(dollars in thousands)

	Original Budget	Final Revised Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 10,511	10,511	10,195	(316)
Licenses and permits	—	—	—	—
Intergovernmental	—	—	—	—
Charges for service, net	—	—	—	—
Court fines and forfeitures	—	—	—	—
Investment income	—	—	—	—
Miscellaneous	—	—	—	—
Total revenues	<u>10,511</u>	<u>10,511</u>	<u>10,195</u>	<u>(316)</u>
Expenditures:				
Current:				
General government	—	—	—	—
Convention and tourism	135	135	135	—
Parks and recreation	—	—	—	—
Judicial	—	—	—	—
Streets	—	—	—	—
Public safety:				
Fire	—	—	—	—
Police	—	—	—	—
Other	—	—	—	—
Health and welfare	—	—	—	—
Public service	—	—	—	—
Capital outlay	—	—	—	—
Debt service	—	—	—	—
Total expenditures	<u>135</u>	<u>135</u>	<u>135</u>	<u>—</u>
Excess (deficiency) of revenues over (under) expenditures	<u>10,376</u>	<u>10,376</u>	<u>10,060</u>	<u>(316)</u>
Other financing sources (uses):				
Transfers in	—	—	1	1
Transfers out	<u>(10,316)</u>	<u>(10,316)</u>	<u>(10,059)</u>	<u>257</u>
	<u>(10,316)</u>	<u>(10,316)</u>	<u>(10,058)</u>	<u>258</u>
Net change in fund balances	<u>\$ 60</u>	<u>60</u>	<u>2</u>	<u>(58)</u>

See accompanying independent auditors' report.

City of St. Louis, Missouri
Licensed Gaming Program Special Revenue Fund – Nonmajor Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances –
Budget and Actual
Year ended June 30, 2007
(dollars in thousands)

	Original Budget	Final Revised Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 4,225	4,225	4,215	(10)
Licenses and permits	—	—	—	—
Intergovernmental	—	—	—	—
Charges for service, net	—	—	—	—
Court fines and forfeitures	—	—	—	—
Investment income	5	—	14	14
Miscellaneous	—	—	—	—
Total revenues	<u>4,230</u>	<u>4,225</u>	<u>4,229</u>	<u>4</u>
Expenditures:				
Current:				
General government	50	50	—	50
Convention and tourism	—	—	—	—
Parks and recreation	—	—	—	—
Judicial	—	—	—	—
Streets	—	—	—	—
Public safety:				
Fire	25	25	21	4
Police	1,350	1,350	1,350	—
Other	—	—	—	—
Health and welfare	—	—	—	—
Public service	—	—	—	—
Capital outlay	—	—	—	—
Debt service	—	—	—	—
Total expenditures	<u>1,425</u>	<u>1,425</u>	<u>1,371</u>	<u>54</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,805</u>	<u>2,800</u>	<u>2,858</u>	<u>58</u>
Other financing sources (uses):				
Transfers in	—	—	—	—
Transfers out	(2,900)	(2,900)	(2,900)	—
	<u>(2,900)</u>	<u>(2,900)</u>	<u>(2,900)</u>	<u>—</u>
Net change in fund balances	<u>\$ (95)</u>	<u>(100)</u>	<u>(42)</u>	<u>58</u>

See accompanying independent auditors' report.

Schedule 10

City of St. Louis, Missouri
Assessor's Office Special Revenue Fund - Nonmajor Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual
Year ended June 30, 2007
(dollars in thousands)

	Original Budget	Final Revised Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 1,729	1,729	1,824	95
Licenses and permits	—	—	—	—
Intergovernmental	839	839	826	(13)
Charges for service, net	11	11	13	2
Court fines and forfeitures	—	—	—	—
Investment income	—	—	—	—
Miscellaneous	—	—	—	—
Total revenues	<u>2,579</u>	<u>2,579</u>	<u>2,663</u>	<u>84</u>
Expenditures:				
Current:				
General government	4,115	4,115	4,040	75
Convention and tourism	—	—	—	—
Parks and recreation	—	—	—	—
Judicial	—	—	—	—
Streets	—	—	—	—
Public safety:				
Fire	—	—	—	—
Police	—	—	—	—
Other	—	—	—	—
Health and welfare	—	—	—	—
Public service	—	—	—	—
Capital outlay	—	—	—	—
Debt service	—	—	—	—
Total expenditures	<u>4,115</u>	<u>4,115</u>	<u>4,040</u>	<u>75</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,536)</u>	<u>(1,536)</u>	<u>(1,377)</u>	<u>159</u>
Other financing sources (uses):				
Transfers in	1,700	1,550	1,550	—
Transfers out	—	—	—	—
	<u>1,700</u>	<u>1,550</u>	<u>1,550</u>	<u>—</u>
Net change in fund balances	<u>\$ 164</u>	<u>14</u>	<u>173</u>	<u>159</u>

See accompanying independent auditors' report.

City of St. Louis, Missouri
Lateral Sewer Program Special Revenue Fund – Nonmajor Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances –
Budget and Actual
Year ended June 30, 2007
(dollars in thousands)

	Original Budget	Final Revised Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ —	—	—	—
Licenses and permits	—	—	—	—
Intergovernmental	—	—	—	—
Charges for service, net	2,800	2,800	2,658	(142)
Court fines and forfeitures	—	—	—	—
Investment income	100	100	95	(5)
Miscellaneous	—	—	—	—
Total revenues	<u>2,900</u>	<u>2,900</u>	<u>2,753</u>	<u>(147)</u>
Expenditures:				
Current:				
General government	63	63	63	—
Convention and tourism	—	—	—	—
Parks and recreation	—	—	—	—
Judicial	—	—	—	—
Streets	—	—	—	—
Public safety:				
Fire	—	—	—	—
Police	—	—	—	—
Other	—	—	—	—
Health and welfare	—	—	—	—
Public service	3,095	3,095	2,138	957
Capital outlay	—	—	—	—
Debt service	—	—	—	—
Total expenditures	<u>3,158</u>	<u>3,158</u>	<u>2,201</u>	<u>957</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(258)</u>	<u>(258)</u>	<u>552</u>	<u>810</u>
Other financing sources (uses):				
Transfers in	—	—	—	—
Transfers out	—	—	—	—
Net change in fund balances	<u>\$ (258)</u>	<u>(258)</u>	<u>552</u>	<u>810</u>

See accompanying independent auditors' report.

Schedule 12

City of St. Louis, Missouri
Tax Increment Financing Special Revenue Fund – Nonmajor Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances –
Budget and Actual
Year ended June 30, 2007
(dollars in thousands)

	<u>Original Budget</u>	<u>Final Revised Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:				
Taxes	\$ 12,628	12,628	12,628	—
Licenses and permits	10	10	10	—
Intergovernmental	807	807	807	—
Charges for service, net	—	—	—	—
Court fines and forfeitures	—	—	—	—
Investment income	140	140	140	—
Miscellaneous	3,231	3,231	3,231	—
Total revenues	<u>16,816</u>	<u>16,816</u>	<u>16,816</u>	<u>—</u>
Expenditures:				
Current:				
General government	564	564	564	—
Convention and tourism	—	—	—	—
Parks and recreation	—	—	—	—
Judicial	—	—	—	—
Streets	—	—	—	—
Public safety:				
Fire	—	—	—	—
Police	—	—	—	—
Other	—	—	—	—
Health and welfare	—	—	—	—
Public service	—	—	—	—
Community Development	43,852	43,852	43,852	—
Capital outlay	—	—	—	—
Debt service	10,959	10,959	10,959	—
Total expenditures	<u>55,375</u>	<u>55,375</u>	<u>55,375</u>	<u>—</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(38,559)</u>	<u>(38,559)</u>	<u>(38,559)</u>	<u>—</u>
Other financing sources (uses):				
Proceeds net of refunding	47,618	47,618	47,618	—
Transfers in	80	80	80	—
Transfers out	(1,070)	(1,070)	(1,070)	—
	<u>(990)</u>	<u>(990)</u>	<u>46,628</u>	<u>—</u>
Net change in fund balances	<u>\$ (39,549)</u>	<u>(39,549)</u>	<u>8,069</u>	<u>—</u>

See accompanying independent auditors' report.

City of St. Louis, Missouri
Communications Division Special Revenue Fund – Nonmajor Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances –
Budget and Actual
Year ended June 30, 2007
(dollards in thousands)

	Original Budget	Final Revised Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 1,700	1,700	1,695	(5)
Licenses and permits	—	—	—	—
Intergovernmental	—	—	—	—
Charges for service, net	—	—	—	—
Court fines and forfeitures	—	—	—	—
Investment income	—	—	—	—
Miscellaneous	—	—	—	—
Total revenues	<u>1,700</u>	<u>1,700</u>	<u>1,695</u>	<u>(5)</u>
Expenditures:				
Current:				
General government	142	142	136	6
Convention and tourism	—	—	—	—
Parks and recreation	—	—	—	—
Judicial	—	—	—	—
Streets	—	—	—	—
Public safety:				
Fire	—	—	—	—
Police	—	—	—	—
Other	—	—	—	—
Health and welfare	—	—	—	—
Public service	1,168	1,168	1,278	(110)
Capital outlay	—	—	—	—
Debt service	—	—	—	—
Total expenditures	<u>1,310</u>	<u>1,310</u>	<u>1,414</u>	<u>(104)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>390</u>	<u>390</u>	<u>281</u>	<u>(109)</u>
Other financing sources (uses):				
Transfers in	—	—	—	—
Transfers out	<u>(500)</u>	<u>(500)</u>	<u>(325)</u>	<u>175</u>
	<u>(500)</u>	<u>(500)</u>	<u>(325)</u>	<u>175</u>
Net change in fund balances	<u>\$ (110)</u>	<u>(110)</u>	<u>(44)</u>	<u>66</u>

See accompanying independent auditors' report.

Schedule 14

City of St. Louis, Missouri
Public Safety Special Revenue Fund - Nonmajor Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual
Year ended June 30, 2007
(dollards in thousands)

	Original Budget	Final Revised Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ —	—	—	—
Licenses and permits	2,900	2,900	2,940	40
Intergovernmental	—	—	—	—
Charges for service, net	—	—	—	—
Court fines and forfeitures	—	—	—	—
Investment income	—	—	—	—
Miscellaneous	—	—	—	—
Total revenues	<u>2,900</u>	<u>2,900</u>	<u>2,940</u>	<u>40</u>
Expenditures:				
Current:				
General government	9	9	7	2
Convention and tourism	—	—	—	—
Parks and recreation	—	—	—	—
Judicial	278	278	236	(42)
Streets	—	—	—	—
Public safety:				
Fire	—	—	—	—
Police	—	—	—	—
Other	—	—	—	—
Health and welfare	—	—	—	—
Public service	—	—	—	—
Capital outlay	—	—	—	—
Debt service	—	—	—	—
Total expenditures	<u>287</u>	<u>287</u>	<u>243</u>	<u>44</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,613</u>	<u>2,613</u>	<u>2,697</u>	<u>84</u>
Other financing sources (uses):				
Transfers in	—	—	—	—
Transfers out	—	—	—	—
Net change in fund balances	<u>\$ 2,613</u>	<u>2,613</u>	<u>2,697</u>	<u>84</u>

See accompanying independent auditors' report.

City of St. Louis, Missouri
Other Budgeted Special Revenue Fund – Nonmajor Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances –
Budget and Actual
Year ended June 30, 2007
(dollars in thousands)

	Original Budget	Final Revised Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 4,230	4,230	4,940	710
Licenses and permits	4,110	4,110	2,908	(1,202)
Intergovernmental	2,178	2,178	2,052	(126)
Charges for service, net	2,086	2,086	2,100	14
Court fines and forfeitures	2,486	2,486	1,965	(521)
Investment income	165	165	400	235
Miscellaneous	2,010	2,010	1,522	(488)
Total revenues	<u>17,265</u>	<u>17,265</u>	<u>15,887</u>	<u>(1,378)</u>
Expenditures:				
Current:				
General government	4,821	4,821	4,645	176
Convention and tourism	—	—	—	—
Parks and recreation	2,764	2,764	1,341	1,423
Judicial	2,868	2,868	2,112	756
Streets	410	410	416	(6)
Public safety:				
Fire	—	—	—	—
Police	100	100	85	15
Other	3,998	3,998	2,730	1,268
Health and welfare	534	534	207	327
Public service	—	—	—	—
Capital outlay	—	—	—	—
Debt service	200	200	196	4
Total expenditures	<u>15,695</u>	<u>15,695</u>	<u>11,732</u>	<u>3,963</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,570</u>	<u>1,570</u>	<u>4,155</u>	<u>2,585</u>
Other financing sources (uses):				
Proceeds	4,000	4,000	4,000	—
Transfers in	—	—	—	—
Transfers out	(8,373)	(7,230)	(7,118)	112
	<u>(4,373)</u>	<u>(3,230)</u>	<u>(3,118)</u>	<u>112</u>
Net change in fund balances	\$ <u>(2,803)</u>	<u>(1,660)</u>	<u>1,037</u>	<u>2,697</u>

See accompanying independent auditors' report.

Schedule 16

City of St. Louis, Missouri
Debt Service Fund – Nonmajor Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances –
Budget and Actual
Year ended June 30, 2007
(dollars in thousands)

	Original Budget	Final Revised Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 5,645	5,645	6,128	483
Licenses and permits	—	—	—	—
Intergovernmental	—	—	—	—
Charges for service, net	—	—	—	—
Court fines and forfeitures	—	—	—	—
Investment income	200	200	295	95
Miscellaneous	—	—	—	—
Total revenues	<u>5,845</u>	<u>5,845</u>	<u>6,423</u>	<u>578</u>
Expenditures:				
Current:				
General government	—	—	—	—
Convention and tourism	—	—	—	—
Parks and recreation	—	—	—	—
Judicial	—	—	—	—
Streets	—	—	—	—
Public safety:				
Fire	—	—	—	—
Police	—	—	—	—
Other	—	—	—	—
Health and welfare	—	—	—	—
Public service	—	—	—	—
Capital outlay	—	—	—	—
Debt service	<u>5,845</u>	<u>5,974</u>	<u>5,551</u>	<u>423</u>
Total expenditures	<u>5,845</u>	<u>5,974</u>	<u>5,551</u>	<u>423</u>
Excess (deficiency) of revenues over (under) expenditures	<u>—</u>	<u>(129)</u>	<u>872</u>	<u>1,001</u>
Other financing sources (uses):				
Transfers in	—	—	—	—
Transfers out	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Net change in fund balances	<u>\$ —</u>	<u>(129)</u>	<u>872</u>	<u>1,001</u>

See accompanying independent auditors' report.

City of St. Louis, Missouri
Capital Projects Fund – Major Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances –
Budget and Actual
Year ended June 30, 2007
(dollars in thousands)

	Original Budget	Final Revised Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 18,335	18,335	19,270	935
Licenses and permits	—	—	—	—
Intergovernmental	630	630	630	—
Charges for service, net	—	—	—	—
Court fines and forfeitures	—	—	—	—
Investment income	—	—	557	557
Miscellaneous	25	25	661	636
Total revenues	<u>18,990</u>	<u>18,990</u>	<u>21,118</u>	<u>2,128</u>
Expenditures:				
Current:				
General government	1,925	1,146	—	(1,146)
Convention and tourism	—	—	—	—
Parks and recreation	5,471	5,471	3,041	(2,430)
Judicial	—	—	—	—
Streets	5,695	6,088	6,505	417
Public safety:				
Fire	—	—	—	—
Police	—	—	—	—
Other	—	—	—	—
Health and welfare	—	—	—	—
Public service	3,461	3,307	3,074	(233)
Capital outlay	1,954	2,494	2,237	257
Debt service	19,836	19,836	18,660	1,176
Total expenditures	<u>38,342</u>	<u>38,342</u>	<u>33,517</u>	<u>4,825</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(19,352)</u>	<u>(19,352)</u>	<u>(12,399)</u>	<u>6,953</u>
Other financing sources (uses):				
Sale of general fixed assets	275	275	175	(100)
Transfers in	19,615	19,615	21,217	1,602
Transfers out	(862)	(862)	(6,199)	(5,337)
	<u>19,028</u>	<u>19,028</u>	<u>15,193</u>	<u>(3,835)</u>
Net change in fund balances	<u>\$ (324)</u>	<u>(324)</u>	<u>2,794</u>	<u>3,118</u>

See accompanying independent auditors' report.

Schedule 18

City of St. Louis, Missouri
Schedule of Reconciling Items Between Change in Fund Balances—Budget Basis and Change in Fund Balances—GAAP Basis
Year ended June 30, 2007
(dollars in thousands)

	Use Tax	Transportation	Convention and Tourism	Licensed Gaming Program	Assessor's Office	Lateral Sewer Program	Tax Increment Financing	Communications Division	Public Safety	Other Budgeted Special Revenue	Debt Service Fund	Capital Projects Fund
Net change in fund balances—budget basis	\$ (2,122)	(80)	2	(42)	173	552	8,069	(44)	2,697	1,037	872	2,794
Differences—budget to GAAP:												
Revenues are recorded when received in cash on a budget basis. However, revenues are recorded when measurable and available on a GAAP basis.	92	102	344	6	1	4	921	—	157	327	(66)	18
Expenditures are recorded when paid in cash on a budget basis. However, expenditures are recorded when the obligation is incurred on a GAAP basis.	(424)	—	—	—	(4)	(73)	(89)	10	(10)	(3,435)	—	2,629
Certain activities and accounts, which are included within the funds on a GAAP basis, are not included within the annual operating budgets adopted by the Board of Aldermen.	—	—	—	—	—	—	—	—	—	(84)	—	2,662
Net change in fund balances—GAAP basis	\$ (2,454)	22	346	(36)	170	483	8,901	(34)	2,844	(2,155)	806	8,103

See accompanying independent auditors' report.

Internal Service Funds

Internal service funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of a government, or to other governments, on a cost-reimbursement basis.

Public Facilities Protection Corporation – Used to account for payment of workers' compensation and various other claims against legal actions on behalf of other funds.

Mailroom Services – Used to account for mail handling services provided to other funds.

Health – Used to account for payment of prescription drug claims for participants.

Schedule 19

City of St. Louis, Missouri
Combining Statement of Net Assets
Internal Service Funds
June 30, 2007
(dollars in thousands)

	Public Facilities Protection Corporation	Mailroom Services	Health	Total
ASSETS				
Current assets:				
Cash and cash equivalents—unrestricted	\$ 61	—	—	61
Prepaid assets	—	57	—	57
Due from other funds	3,822	29	82	3,933
Advance to other funds	12,121	—	—	12,121
Total current assets	<u>16,004</u>	<u>86</u>	<u>82</u>	<u>16,172</u>
Noncurrent assets:				
Capital assets	—	117	—	117
Less accumulated depreciation	<u>—</u>	<u>(72)</u>	<u>—</u>	<u>(72)</u>
Total capital assets (net of accumulated depreciation)	<u>—</u>	<u>45</u>	<u>—</u>	<u>45</u>
Total assets	<u>16,004</u>	<u>131</u>	<u>82</u>	<u>16,217</u>
LIABILITIES				
Current liabilities:				
Accounts payable and accrued liabilities	239	21	1	261
Due to other funds	—	146	481	627
Claims payable	15,765	—	579	16,344
Total current liabilities	<u>16,004</u>	<u>167</u>	<u>1,061</u>	<u>17,232</u>
Noncurrent liabilities:				
Other liabilities	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Total noncurrent liabilities	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Total liabilities	<u>16,004</u>	<u>167</u>	<u>1,061</u>	<u>17,232</u>
NET ASSETS				
Invested in capital assets	—	45	—	45
Unrestricted	<u>—</u>	<u>(81)</u>	<u>(979)</u>	<u>(1,060)</u>
Total net assets	<u>\$ —</u>	<u>(36)</u>	<u>(979)</u>	<u>(1,015)</u>

See accompanying independent auditors' report.

City of St. Louis, Missouri
Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets
Internal Service Funds
Year ended June 30, 2007
(dollars in thousands)

	Public Facilities Protection Corporation	Mailroom Services	Health	Total
OPERATING REVENUES				
Charges for services	\$ 11,157	530	6,340	18,027
Total operating revenues	11,157	530	6,340	18,027
OPERATING EXPENSES				
Claims incurred	8,200	—	5,045	13,245
Premiums	2,957	—	—	2,957
Personal services	—	233	—	233
Material and supplies	—	218	—	218
Depreciation and amortization	—	13	—	13
Total operating expenses	11,157	464	5,045	16,666
Operating income (loss)	—	66	1,295	1,361
NONOPERATING REVENUES (EXPENSES)				
Loss on disposal of capital assets	—	(18)	—	(18)
Total nonoperating revenues (expenses), net	—	(18)	—	(18)
Change in net assets	—	48	1,295	1,343
Total net assets—beginning of year	—	(84)	(2,274)	(2,358)
Total net assets—end of year	\$ —	(36)	(979)	(1,015)

See accompanying independent auditors' report.

Schedule 21

City of St. Louis, Missouri
Combining Statement of Cash Flows
Internal Service Funds
Year ended June 30, 2007
(dollars in thousands)

	Public Facilities Protection Corporation	Mailroom Services	Health	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from interfund services provided	\$ 11,603	590	6,418	18,611
Payments to suppliers of goods and services	(12,192)	(347)	(6,418)	(18,957)
Payments to employees	—	(236)	—	(236)
Net cash provided by (used in) operating activities	(589)	7	—	(582)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Payment on disposal of capital assets	—	(7)	—	(7)
Net cash used in capital and related financing activities	—	(7)	—	(7)
Net decrease in cash and cash equivalents	(589)	—	—	(589)
Cash and cash equivalents beginning of year	650	—	—	650
Cash and cash equivalents end of year	\$ 61	—	—	61
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating income	\$ —	66	1,295	1,361
Adjustment to reconcile operating income to net cash provided by operating activities:				
Depreciation	—	13	—	13
Change in assets and liabilities:				
Due to/from other funds	(133)	(10)	(1,524)	(1,667)
Advance to other funds	579	—	—	579
Prepaid assets	—	(27)	—	(27)
Accounts payable and accrued liabilities	(132)	(35)	1	(166)
Other liabilities	(903)	—	—	(903)
Claims payable	—	—	228	228
Total adjustments	(589)	(59)	(1,295)	(1,943)
Net cash provided by (used in) operating activities	\$ (589)	7	—	(582)

See accompanying independent auditors' report.

Pension Trust Funds

Pension trust funds are used to account for the activity of the three public employee retirement systems for which the City acts as a trustee.

Firemen's System – A single employer public employee retirement system fund used to account for the accumulation of resources to be used for the pension and other benefit payments for City firefighters.

Police System – A single employer public employee retirement system fund used to account for the accumulation of resources to be used for pension and other benefit payments for City police officers.

Employees' System – A multi-employer public employee retirement system used to account for the accumulation of resources to be used for pension and other benefit payments for employees of the City (excluding firefighters and police officers) and other anticipating governmental agencies. City employees account for greater than 99% of total plan participants.

Schedule 22

City of St. Louis, Missouri
Combining Statement of Fiduciary Net Assets
Pension Trust Funds
June 30, 2007
(dollars in thousands)

	Firemen's System	Police System	Employees' System	Total
ASSETS				
Current assets:				
Cash and cash equivalents—unrestricted	\$ 3,352	5,971	143	9,466
Investments—unrestricted:				
U. S. government securities	5,099	88,709	41,162	134,970
Corporate bonds	17,570	48,594	19,135	85,299
Domestic bond funds	—	—	45,060	45,060
Stocks	210,835	251,883	237,188	699,906
Foreign government obligations	—	—	17,556	17,556
Mortgage-backed securities	—	109,310	—	109,310
Collective investment funds	171,045	161,091	—	332,136
Real estate group annuity and equities	—	38,110	65,002	103,112
Investment property	—	1,893	—	1,893
Money market mutual funds and other short term investments	2,592	23,894	2,205	28,691
Managed international equity funds	—	—	139,835	139,835
Total investments	407,141	723,484	567,143	1,697,768
Securities lending collateral	—	—	85,849	85,849
Receivables:				
Contributions	4,216	—	231	4,447
Accrued interest	642	2,483	786	3,911
Other	17,245	16,312	208	33,765
Capital assets	358	77	—	435
Total assets	432,954	748,327	654,360	1,835,641
LIABILITIES				
Accounts payable and accrued liabilities	303	1,060	567	1,930
Deposits held for others	215	915	—	1,130
Securities lending collateral liability	—	—	85,849	85,849
Other liabilities	7,401	32,115	(10)	39,506
Total liabilities	7,919	34,090	86,406	128,415
NET ASSETS				
Net assets held in trust for pension benefits	\$ 425,035	714,237	567,954	1,707,226

See accompanying independent auditors' report.

City of St. Louis, Missouri
Combining Statement of Changes in Fiduciary Net Assets
Pension Trust Funds
Year ended June 30, 2007
(dollars in thousands)

	<u>Firemen's System</u>	<u>Police System</u>	<u>Employees' System</u>	<u>Total</u>
ADDITIONS				
Contributions:				
Member	\$ 2,853	4,102	239	7,194
Employer	4,110	8,093	15,756	27,959
Investment income:				
Interest and dividends	4,710	18,467	7,719	30,896
Net appreciation in fair value of investments	30,785	42,625	54,812	128,222
	<u>35,495</u>	<u>61,092</u>	<u>62,531</u>	<u>159,118</u>
Less investment expense	(1,391)	(2,761)	(3,128)	(7,280)
Net investment income	<u>34,104</u>	<u>58,331</u>	<u>59,403</u>	<u>151,838</u>
Total additions	<u>41,067</u>	<u>70,526</u>	<u>75,398</u>	<u>186,991</u>
 DEDUCTIONS				
Benefits	28,616	40,362	34,609	103,587
Refunds of contributions	1,685	5,419	—	7,104
Administrative expense	894	992	568	2,454
Total deductions	<u>31,195</u>	<u>46,773</u>	<u>35,177</u>	<u>113,145</u>
Net increase	9,872	23,753	40,221	73,846
 Net assets held in trust for pension benefits:				
Beginning of year	415,163	690,484	527,733	1,633,380
End of year	\$ <u><u>425,035</u></u>	<u><u>714,237</u></u>	<u><u>567,954</u></u>	<u><u>1,707,226</u></u>

See accompanying independent auditors' report.

Agency Funds

Agency funds are used to account for assets which the City holds on behalf of other entities. Agency funds are custodial in nature (assets equal liabilities) and do not involve the measurement of results of operations.

Collector of Revenue – Used to account for the receipt and disbursement of various taxes and other charges that are collected by the Collector of Revenue and remitted to various City funds and other governmental agencies that levy taxes on residents of the City and on corporations located within the City limits and the employees.

Property Tax Escrow – Used to account for property taxes paid under protest whose disposition is still pending and duplicate payments of property taxes which have not been claimed.

General Insurance – Used to control funds for payroll withholdings and other City deposits to be used for the payment of insurance premiums due from employees and the City.

Bail Bonds – Used to account for bail bonds deposited by court defendants. The bonds are held until court orders are issued to refund the bonds to the defendants or others.

License Collector – Used to account for the receipt and disbursement of municipal manufacturer's and hotel taxes that are collected by the License Collector and remitted to various City funds and other governmental agencies.

Circuit Clerk – Used to account for funds held in a fiduciary capacity by the Circuit Clerk's Office. These funds include various litigation fees, garnishments, and bail bonds, in addition to funds related to the parent locator program.

Other Agency – Used to account for contracts and other deposits, union dues, land auction sales, circuit attorney and probate court funds.

City of St. Louis, Missouri
Combining Statement of Fiduciary Net Assets
Agency Funds
June 30, 2007
(dollars in thousands)

	Collector of Revenue	Property Tax Escrow	General Insurance	Bail Bonds	License Collector	Circuit Clerk	Other Agency	Total
ASSETS								
Cash and cash equivalents—unrestricted	\$ 1,622	10,950	—	1,173	2,293	7,670	2,092	25,800
Investments—unrestricted	—	—	—	—	—	6,800	4,129	10,929
Receivables, net of allowances:								
Taxes	26,254	—	—	—	—	—	—	26,254
Other	—	—	488	—	—	373	—	861
Total assets	27,876	10,950	488	1,173	2,293	14,843	6,221	63,844
LIABILITIES								
Accounts payable and accrued liabilities	—	—	488	—	—	—	403	891
Deposits held for others	—	10,950	—	1,173	1,625	12,245	3,984	29,977
Due to other governmental agencies	27,876	—	—	—	668	2,598	1,834	32,976
Total liabilities	27,876	10,950	488	1,173	2,293	14,843	6,221	63,844
NET ASSETS	\$ —	—	—	—	—	—	—	—

See accompanying independent auditors' report.

Schedule 25

City of St. Louis, Missouri
Combining Statement of Changes in
Assets and Liabilities—Agency Funds
Year ended June 30, 2007
(dollars in thousands)

	Balance June 30, 2006	Additions	Deductions	Balance June 30, 2007
<u>Collector of Revenue</u>				
Assets:				
Cash and cash equivalents—unrestricted	\$ 3,181	305,087	(306,646)	1,622
Receivables, net of allowances—taxes	25,202	7,780	(6,728)	26,254
Total assets	<u>\$ 28,383</u>	<u>312,867</u>	<u>(313,374)</u>	<u>27,876</u>
Liabilities—due to other governmental agencies	28,383	312,867	(313,374)	27,876
Total liabilities	<u>\$ 28,383</u>	<u>312,867</u>	<u>(313,374)</u>	<u>27,876</u>
<u>Property Tax Escrow</u>				
Assets—cash and cash equivalents—unrestricted	\$ 13,442	3,129	(5,621)	10,950
Liabilities—deposits held for others	\$ 13,442	3,129	(5,621)	10,950
<u>General Insurance</u>				
Assets:				
Cash and cash equivalents—unrestricted	\$ —	24,011	(24,011)	—
Receivables, net of allowances—other	748	488	(748)	488
Total assets	<u>\$ 748</u>	<u>24,499</u>	<u>(24,759)</u>	<u>488</u>
Liabilities—accounts payable and accrued liabilities	\$ 748	24,499	(24,759)	488
<u>Bail Bonds</u>				
Assets—cash and cash equivalents—unrestricted	\$ 887	1,819	(1,533)	1,173
Liabilities—deposits held for others	\$ 887	1,819	(1,533)	1,173
<u>License Collector</u>				
Assets—cash and cash equivalents—unrestricted	\$ 7,842	15,795	(21,344)	2,293
Liabilities:				
Deposits held for others	7,210	978	(6,563)	1,625
Due to other governmental agencies	632	14,817	(14,781)	668
Total liabilities	<u>\$ 7,842</u>	<u>15,795</u>	<u>(21,344)</u>	<u>2,293</u>

City of St. Louis, Missouri
Combining Statement of Changes in
Assets and Liabilities—Agency Funds
Year ended June 30, 2007
(dollars in thousands)

	Balance June 30, 2006	Additions	Deductions	Balance June 30, 2007
<u>Circuit Clerk</u>				
Assets:				
Cash and cash equivalents—unrestricted	\$ 8,667	1,274,147	(1,275,144)	7,670
Investment—unrestricted	5,700	6,800	(5,700)	6,800
Receivables, net of allowances - other	175	373	(175)	373
Total assets	<u>\$ 14,542</u>	<u>1,281,320</u>	<u>(1,281,019)</u>	<u>14,843</u>
Liabilities:				
Deposits held for others	11,994	1,068,621	(1,068,370)	12,245
Due to other governmental agencies	2,548	212,699	(212,649)	2,598
Total liabilities	<u>\$ 14,542</u>	<u>1,281,320</u>	<u>(1,281,019)</u>	<u>14,843</u>
<u>Other Agency</u>				
Assets:				
Cash and cash equivalents—unrestricted	\$ 2,848	13,620	(14,376)	2,092
Investments—unrestricted	4,065	19,899	(19,835)	4,129
Total assets	<u>\$ 6,913</u>	<u>33,519</u>	<u>(34,211)</u>	<u>6,221</u>
Liabilities:				
Accounts payable and accrued liabilities	199	1,934	(1,730)	403
Deposits held for others	3,003	6,448	(5,467)	3,984
Due to other governmental agencies	3,711	25,137	(27,014)	1,834
Total liabilities	<u>\$ 6,913</u>	<u>33,519</u>	<u>(34,211)</u>	<u>6,221</u>
<u>Total—All Agency Funds</u>				
Assets:				
Cash and cash equivalents—unrestricted	\$ 36,867	1,637,608	(1,648,675)	25,800
Investments—unrestricted	9,765	26,699	(25,535)	10,929
Receivables, net of allowances:				
Taxes	25,202	7,780	(6,728)	26,254
Other	923	861	(923)	861
Total assets	<u>\$ 72,757</u>	<u>1,672,948</u>	<u>(1,681,861)</u>	<u>63,844</u>
Liabilities:				
Accounts payable and accrued liabilities	947	26,433	(26,489)	891
Deposits held for others	36,536	1,080,995	(1,087,554)	29,977
Due to other governmental agencies	35,274	565,520	(567,818)	32,976
Total liabilities	<u>\$ 72,757</u>	<u>1,672,948</u>	<u>(1,681,861)</u>	<u>63,844</u>

See accompanying independent auditors' report.

**Solid Waste Management Development Corporation—
Discretely Presented Component Unit**

Solid Waste Management Development Corporation (SWMDC) owns a system of underground pressurized steam transport pipe in the downtown area commonly known as the steam loop. The steam loop is leased on a long term basis to a steam generating private entity unrelated to the City.

Separate financial statements are not prepared for SWMDC. Accordingly, a statement of revenues, expenses, changes in net assets, and a statement of cash flows for SWMDC have been included within the City's comprehensive annual financial report.

City of St. Louis, Missouri
Statement of Revenues, Expenses, and Changes in Net Assets
Solid Waste Management Development Corporation (SWMDC)
Year ended June 30, 2007
(dollars in thousands)

OPERATING REVENUES

Lease revenue	\$ 348
Total operating revenues	<u>348</u>

OPERATING EXPENSES

Depreciation	254
Professional fees and other operating expenses	<u>20</u>
Total operating expenses	<u>274</u>
Operating income	<u>74</u>

NONOPERATING REVENUES

Investment income	<u>55</u>
Total nonoperating revenues	<u>55</u>

Net income before capital contributions	129
Capital contributions	<u>—</u>
Change in net assets	129
Total net assets—beginning of year	<u>7,161</u>
Total net assets—end of year	<u><u>\$ 7,290</u></u>

See accompanying independent auditors' report.

Schedule 27

City of St. Louis, Missouri
Statement of Cash Flows
Solid Waste Management Development Corporation (SWMDC)
Year ended June 30, 2007
(dollars in thousands)

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from customers and users	\$ 348
Payments to service providers	(20)
	<hr/>
Net cash provided by operating activities	328
	<hr/>

**CASH FLOWS FROM CAPITAL AND RELATED
FINANCING ACTIVITIES**

Construction of capital assets	—
	<hr/>
Net cash used in capital and related financing activities	—
	<hr/>

CASH FLOWS FROM INVESTING ACTIVITIES

Purchases of investments	(1,754)
Proceeds from maturities of investments	1,729
Investment income	55
	<hr/>
Net cash provided by investing activities	30
	<hr/>
Net increase in cash and cash equivalents	358
	<hr/>
Cash and cash equivalents beginning of year	1,085
Cash and cash equivalents end of year	\$ <hr/> 1,443 <hr/>

**Reconciliation of operating income to net cash
provided by operating activities:**

Operating income	74
Adjustment to reconcile operating income to net cash provided by operating activities:	
Depreciation expense	254
	<hr/>
Net cash provided by operating activities	\$ <hr/> 328 <hr/>

See accompanying independent auditors' report.



STATISTICAL SECTION

This part of the City of St. Louis' (the City's) comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about The City's overall financial health.

Contents	Table Numbers
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Primary Government:

Financial Trends	1-4
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These tables contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

Revenue Capacity	5-10
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These tables contain information to help the reader assess the City's most significant local revenue sources.

Debt Capacity	11-15
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These tables present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

Demographic and Economic Information	16
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These tables offer demographic and economic indicators to help the reader understand the environment with which the City's financial activities take place.

Operating Information	17-20
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These tables contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the government provides and the activities it performs.

Additional Data-Lambert-St. Louis International Airport:

Demographic and Economic Information	21-23
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These tables offer regional demographic and economic data of the metropolitan area served by the Lambert-St. Louis International Airport.

Operating Information	24-28
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These tables contain information and data pertaining to airline operations at Lambert-St. Louis International Airport.

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

Table 1
CITY OF ST. LOUIS, MISSOURI
Net Assets by Component
Last Six Fiscal Years
(dollars in thousands)
(accrual basis of accounting)

	2007	2006	2005	2004	2003	2002
Primary Government:						
Governmental activities						
Invested in capital assets, net of related debt	\$ 410,429	402,317	\$ 395,983	\$ 329,535	\$ 326,196	\$ 321,159
Restricted	103,898	108,919	121,333	127,305	141,375	114,510
Unrestricted	(253,168)	(205,941)	(177,077)	(74,912)	(42,459)	(10,632)
Total governmental activities net assets	261,159	305,295	340,239	381,928	425,112	425,037
Business-type activities						
Invested in capital assets, net of related debt	1,072,894	1,120,715	1,068,231	928,652	810,651	696,850
Restricted	135,993	145,319	153,607	197,526	263,425	275,838
Unrestricted	31,001	19,394	16,126	34,013	31,942	51,830
Total business-type activities net assets	1,239,888	1,285,428	1,237,964	1,160,191	1,106,018	1,024,518
Primary government						
Invested in capital assets, net of related debt	1,483,323	1,523,032	1,464,214	1,258,187	1,136,847	1,018,009
Restricted	239,891	254,238	274,940	324,831	404,800	390,348
Unrestricted	(222,167)	(186,547)	(160,951)	(40,899)	(10,517)	41,198
Total primary government net assets	1,501,047	1,590,723	1,578,203	1,542,119	1,531,130	1,449,555
Component Unit-SLPD						
Invested in capital assets, net of related debt	30,208	26,630	25,371	18,224	17,466	17,487
Restricted	704	690	679	671	2,672	3,311
Unrestricted	(69,404)	(68,649)	(74,945)	(66,662)	(54,223)	(46,432)
Total SLPD net assets	(38,492)	(41,329)	(48,895)	(47,767)	(34,085)	(25,634)

Note: The City implemented GASB 34 as of fiscal year 2002.

Source: Basic financial statements.

Table 2

Table 2
CITY OF ST. LOUIS, MISSOURI
Changes in Net Assets
Last Six Fiscal Years
(dollars in thousands)

(accrual basis of accounting)

	2007	2006	2005	2004	2003	2002
Expenses:						
Governmental activities:						
General government	\$ 91,822	\$ 93,572	\$ 93,740	\$ 91,752	\$ 69,906	\$ 68,853
Convention and tourism	4,352	4,594	6,263	4,538	6,697	6,188
Parks and recreation	28,130	25,366	25,683	23,687	20,719	20,066
Judicial	46,990	46,566	47,723	47,897	51,124	48,382
Streets	58,606	59,109	56,151	53,937	49,886	51,056
Public Safety:						
Fire	56,405	54,625	51,072	51,160	50,484	54,000
Police-Payment to SLPD	138,871	134,631	130,584	131,490	126,497	125,331
Other	59,984	55,750	52,600	55,257	50,202	41,523
Health and welfare	45,630	46,070	40,660	37,022	37,789	35,563
Public service	73,145	67,544	62,647	73,198	67,154	65,202
Community development	78,788	66,286	57,237	64,188	59,210	50,280
Interest and fiscal charges	36,024	33,731	34,016	38,501	30,131	29,601
Total governmental activities expenses	718,747	687,844	658,376	672,627	619,799	596,045
Business-type activities:						
Airport	178,110	156,824	143,475	147,645	158,263	151,590
Water Division	42,395	40,505	39,759	41,641	40,887	43,458
Parking Division	12,423	14,056	13,694	14,095	10,099	10,859
Total business-type activities expenses	232,928	211,385	196,928	203,381	209,249	205,907
Total primary government expenses	\$ 951,675	\$ 899,229	\$ 855,304	\$ 876,008	\$ 829,048	\$ 801,952

Table 2
CITY OF ST. LOUIS, MISSOURI
Changes in Net Assets
Last Six Fiscal Years
(dollars in thousands)

(accrual basis of accounting)

	2007	2006	2005	2004	2003	2002
Program Revenues						
Governmental activities:						
Charges for services:						
General government	\$ 39,757	\$ 37,617	\$ 37,906	\$ 34,938	\$ 48,332	\$ 41,517
Convention and tourism	16	20				
Parks and recreation	9,126	2,248	1,733	1,503	791	763
Judicial	14,855	12,525	11,482	12,152	11,710	10,269
Streets	17,184	15,984	4,428	7,373	5,441	5,481
Public Safety:						
Fire	7,416	6,562	2,660	2,923	2,747	2,734
Police-Payment to SLPD				2,500		
Other	22,797	25,744	13,424	9,180	5,438	8,447
Health and welfare	418	511	901	283	1,281	2,332
Public service	5,530	5,301	5,094	387	37	165
Community development						
Interest and fiscal charges						
Operating grants and contributions	75,994	80,214	111,274	129,224	104,748	78,959
Capital grants and contributions	14,232	13,760	1,009	16,237	12,566	5,593
Total governmental activities program revenues	207,325	200,486	189,911	216,700	193,091	156,260
Business-type activities:						
Charges for services:						
Airport	155,295	149,169	137,487	150,762	179,745	160,039
Water Division	44,130	45,464	43,346	41,594	39,255	39,676
Parking Division	14,155	14,849	13,408	11,945	11,082	11,525
Operating grants and contributions	2,643	6,673	4,005	4,662	3,244	1,779
Capital grants and contributions	44,633	38,301	72,036	44,242	41,658	38,605
Total business-type activities program revenues	260,856	254,456	270,282	253,205	274,984	251,624
Total primary government program revenues	468,181	454,942	460,193	469,905	468,075	407,884

Table 2, Continued

Table 2
CITY OF ST. LOUIS, MISSOURI
Changes in Net Assets
Last Six Fiscal Years
(dollars in thousands)

(accrual basis of accounting)

	2007	2006	2005	2004	2003	2002
Net Program (Expense)/Revenue						
Governmental activities	\$ (511,422)	\$ (487,358)	\$ (468,465)	\$ (455,927)	\$ (426,708)	\$ (439,785)
Business-type activities	27,928	43,071	73,354	49,824	65,735	45,717
Total primary government net expense	<u>(483,494)</u>	<u>(444,287)</u>	<u>(395,111)</u>	<u>(406,103)</u>	<u>(360,973)</u>	<u>(394,068)</u>
General Revenues and Other Changes in Net Assets						
Governmental activities:						
Taxes						
Property taxes, levied for general purpose	62,333	53,536	51,138	48,656	46,375	42,616
Property taxes, levied for debt service	6,197	5,750	6,087	5,972	5,644	4,497
Sales tax	127,664	121,449	122,213	117,859	132,910	132,418
Earnings/payroll taxes	169,822	170,934	158,533	148,081	153,923	155,760
Gross receipt taxes (includes franchise tax)	75,378	81,162	58,937	59,091	57,649	61,188
Miscellaneous taxes	6,237	2,684	19,136	18,331	18,650	17,556
Unrestricted investment earnings	12,094	9,492	3,112	2,693	3,941	6,720
Gain/loss on sale of capital assets	(324)	6	494	1,869	180	
Special item-recovery of legal judgment				2,972		
Transfers	7,885	7,401	7,126	7,219	7,511	7,033
Total governmental activities	<u>467,286</u>	<u>452,414</u>	<u>426,776</u>	<u>412,743</u>	<u>426,783</u>	<u>427,788</u>
Business-type activities:						
Unrestricted investment earnings	12,522	11,794	11,128	8,168	23,276	32,811
Gain/loss on sale of capital assets	(78,105)		417			2,830
Special item-recovery of legal judgment				3,400		
Transfers	(7,885)	(7,401)	(7,126)	(7,219)	(7,511)	(7,033)
Total business-type activities	<u>(73,468)</u>	<u>4,393</u>	<u>4,419</u>	<u>4,349</u>	<u>15,765</u>	<u>28,608</u>
Total primary government	<u>\$ 393,818</u>	<u>\$ 456,807</u>	<u>\$ 431,195</u>	<u>\$ 417,092</u>	<u>\$ 442,548</u>	<u>\$ 456,396</u>

Table 2
CITY OF ST. LOUIS, MISSOURI
Changes in Net Assets
Last Six Fiscal Years
(dollars in thousands)

(accrual basis of accounting)

	2007	2006	2005	2004	2003	2002
Change in Net Assets						
Governmental activities	\$ (44,136)	\$ (34,944)	\$ (41,689)	\$ (43,184)	\$ 75	\$ (11,997)
Business-type activities	(45,540)	47,464	77,773	54,173	81,500	74,325
Total primary government	<u>\$ (89,676)</u>	<u>\$ 12,520</u>	<u>\$ 36,084</u>	<u>\$ 10,989</u>	<u>\$ 81,575</u>	<u>\$ 62,328</u>

Note: The City implemented GASB 34 as of fiscal year 2002.

Source: Basic financial statements.

Table 3

Table 3
CITY OF ST. LOUIS, MISSOURI
Fund Balances, Governmental Funds
Last Ten Fiscal Years
(dollars in thousands)
(modified accrual basis of accounting)

	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
General Fund										
Reserved	\$ 21,079	\$ 23,139	\$ 25,185	\$ 25,127	\$ 24,635	\$ 29,715	\$ 25,700	\$ 22,748	\$ 37,144	\$ 40,277
Unreserved	53,649	57,155	47,612	44,779	52,079	58,204	70,377	41,617	43,379	46,807
Total general fund	<u>\$ 74,728</u>	<u>\$ 80,294</u>	<u>\$ 72,797</u>	<u>\$ 69,906</u>	<u>\$ 76,714</u>	<u>\$ 87,919</u>	<u>\$ 96,077</u>	<u>\$ 64,365</u>	<u>\$ 80,523</u>	<u>\$ 87,084</u>
All Other Governmental Funds										
Reserved	\$ 76,378	\$ 82,979	\$ 76,485	\$ 95,101	\$ 106,036	\$ 113,806	\$ 95,827	\$ 126,417	\$ 126,660	\$ 112,181
Unreserved, reported in:										
Special revenue funds	56,508	49,041	43,128	43,422	41,531	45,070	28,233	36,644	28,326	27,668
Capital projects funds	12,724	(7,204)	27,623	(2,735)	10,123	29,810	76,836	91,466	85,462	37,468
Debt service funds										
Total all other governmental funds	<u>\$ 145,610</u>	<u>\$ 124,816</u>	<u>\$ 147,236</u>	<u>\$ 135,788</u>	<u>\$ 157,690</u>	<u>\$ 188,686</u>	<u>\$ 200,896</u>	<u>\$ 254,527</u>	<u>\$ 240,448</u>	<u>\$ 177,317</u>

Table 4
CITY OF ST. LOUIS, MISSOURI
Changes In Fund Balances, Governmental Funds
Last Ten Fiscal Years
(dollars in thousands)

	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
Revenues										
Taxes	\$439,436	\$432,139	\$412,670	\$396,266	\$ 413,289	\$ 415,421	\$ 409,883	\$ 391,393	\$ 373,934	\$ 369,362
Licenses, fees and permits	24,395	23,708	21,754	19,585	17,735	18,267	17,526	18,499	20,702	16,318
Intergovernmental	123,119	122,332	113,237	139,637	115,181	84,407	102,068	89,645	86,297	82,179
Charges for services, net	29,592	28,373	28,200	29,211	24,908	24,907	25,623	26,861	26,262	21,560
Court fines and forfeitures	8,434	8,927	9,047	9,307	8,923	8,413	7,335	9,501	9,076	8,758
Investment income	12,094	9,492	3,112	2,693	3,941	6,720	17,300	18,250	11,769	14,751
Interfund services provided	4,094	4,009	4,519	3,921	4,476	4,864				
Miscellaneous	14,303	11,148	13,174	10,486	14,688	15,241	9,279	9,976	8,639	13,940
Total revenues	655,467	640,128	605,713	611,106	603,141	578,240	589,014	564,125	536,679	526,868
Expenditures										
General government	53,066	69,011	58,273	61,848	59,869	55,319	58,132	55,873	55,129	56,761
Convention and tourism	154	362	2,010	286	2,344	2,302	2,322	2,099	2,279	2,490
Parks and recreation	25,129	23,191	22,597	20,877	18,659	18,083	17,333	18,204	15,951	14,211
Judicial	46,633	46,837	47,486	47,249	49,117	46,602	42,768	41,548	39,917	36,754
Streets	35,320	37,415	35,218	33,976	30,588	31,871	29,304	28,790	30,366	28,947
Public Safety:										
Fire	53,547	53,959	49,204	49,394	50,988	48,025	45,741	45,736	45,318	76,621
Police	138,871	134,631	130,584	131,490	126,497	125,331	885	861	977	3,401
Other	59,253	55,804	51,771	54,338	47,436	38,676	32,695	29,969	28,846	26,816
Health and welfare	45,067	45,905	40,275	36,592	37,495	34,646	33,847	36,998	25,246	22,295
Public service	72,991	67,600	62,415	72,885	66,140	63,498	63,519	60,339	31,399	28,303
Community development	79,351	66,555	57,291	55,149	43,622	49,682	97,333	38,730	43,206	52,397
Interfund services used						16				
Capital outlay	43,591	35,290	37,383	44,840	67,466	84,364	95,526	78,161	77,825	69,557
Debt Service:										
Principal	39,008	30,933	35,240	23,146	25,592	25,563	22,512	17,237	17,486	12,590
Interest and fiscal charges	29,865	28,288	29,181	28,738	37,964	30,343	27,469	29,062	26,191	24,685
Cost of issuance		568						888		
Advance refunding escrow			1,359							
Total expenditures	721,846	696,349	660,287	660,808	663,777	654,321	569,386	484,495	440,136	455,828
Excess (deficiency) of revenues over expenditures	(66,379)	(56,221)	(54,574)	(49,702)	(60,636)	(76,081)	19,628	79,630	96,543	71,040

Table 4, Continued

Table 4
CITY OF ST. LOUIS, MISSOURI
Changes In Fund Balances, Governmental Funds
Last Ten Fiscal Years
(dollars in thousands)

	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
Other Financing Sources (Uses)										
Sale of capital assets	\$ 175	\$ 514	\$ 937	\$ 1,869	\$ 180	\$ 111	\$ 119	\$ 557	\$ 3,185	\$ 6,300
Issuance of note payable						460	1,980			
Issuance of refunding bonds-leasehold revenue bonds	23,725	15,485			141,975	83,955				28,695
Premium on leasehold revenue bonds	4,178	504			11,251	1,935		22,025		
Discount on leasehold revenue bonds	(467)					(160)				
Issuance of Section 108 loan guarantee assist				1,953		25,000	55,000			
Proceeds of government loan										
Proceeds of general obligation bonds and revenue bonds	13,000		98,953						66,158	
Premium on general obligation bonds and revenue bonds			3,073							
Discount on general obligation bonds			(29)							
Issuance of capital lease	10,014	1,990	851		7,326			9,000		
Issuance of tax increment revenue notes	55,158	30,043	12,964	14,766						300
Proceeds from master note purchase agreement								1,250		
Discount on tax increment revenue bonds				(40)					5,450	
Issuance of loan agreement		782	1,000							
Issuance of joint venture financing agreement	49,585									
Payment to refunded escrow agent-joint venture	(51,316)									
Payment to refunded escrow agent-leasehold revenue bonds	(22,830)	(15,421)	(55,962)	(7,747)	(149,808)	(62,789)				
Advance refunding on TIF bonds and notes payable	(7,500)									
Recovery of legal judgment	41,613	29,909	31,507	2,972	49,887	38,679	43,572	53,076	43,397	34,616
Transfers in	(33,728)	(22,508)	(24,381)	37,856	(42,376)	(31,646)	(163,944)	(167,617)	(157,619)	(139,680)
Transfers out				(30,637)						
Total other financing sources (uses), net	81,607	41,298	68,913	20,992	18,435	55,545	(63,273)	(81,709)	(39,429)	(69,769)
Net change in fund balances	\$ 15,228	\$ (14,923)	\$ 14,339	\$ (28,710)	\$ (42,201)	\$ (20,536)	\$ (43,645)	\$ (2,079)	\$ 57,114	\$ 1,271
Debt service as a percentage of noncapital expenditures	10.2%	9.0%	10.3%	8.4%	10.7%	9.8%	10.5%	11.6%	12.1%	9.6%
Debt service expenditures	68,873	59,789	64,421	51,884	63,556	55,906	49,981	47,187	43,677	37,275
Non-capital expenditures	678,255	661,059	622,904	615,968	596,311	569,957	473,860	406,334	362,311	386,271

Table 5
CITY OF ST. LOUIS, MISSOURI
Assessed Value and Actual Value of Taxable Property -
Last Ten Fiscal Years
(dollars in thousands)

Fiscal Year	Real Estate		Personal Property	Manufacturer's Machinery, Tools & Equipment	Less:		Total Taxable Assessed Value	Estimated Actual Taxable Value	Total Direct Tax Rate	Taxable Assessed Value to Estimated Actual Taxable Value
	Residential	Commercial			Tax-Exempt Property					
2007	\$ 1,798,234	\$ 1,410,306	\$ 767,274	\$ 286,014	\$ 1,277,160	\$ 2,984,668	\$ 15,486,668	1.4590	19.3%	
2006	1,700,324	1,351,983	789,536	290,523	1,097,633	3,034,733	15,370,507	1.4402	19.7%	
2005	1,242,646	1,194,052	770,104	285,353	930,989	2,561,166	12,910,940	1.5908	19.8%	
2004	1,229,358	1,171,723	789,866	296,768	884,059	2,603,656	12,875,125	1.5623	20.2%	
2003	1,079,619	1,099,112	811,286	305,360	831,316	2,464,061	11,053,189	1.6087	22.3%	
2002	1,078,738	1,097,967	901,304	305,622	843,772	2,539,859	12,230,473	1.5991	20.8%	
2001	998,513	1,020,826	805,857	304,559	740,761	2,388,993	11,377,043	1.6330	21.0%	
2000	987,473	996,881	769,882	265,997	679,262	2,340,971	11,123,432	1.6200	21.0%	
1999	970,124	946,396	842,767	248,432	729,644	2,278,074	10,871,150	1.4500	21.0%	
1998	973,122	938,234	795,179	244,660	745,147	2,206,048	10,661,981	1.5300	20.7%	

Source: City of St. Louis Assessor's Office

NOTE:

Residential real property is assessed at 19% of estimated value, commercial at 32%, and agricultural at 12%; personal property and manufacturer's machinery, tools and equipment assessed at 33-1/3%.

A complete reassessment is made on personal property by the Assessor every year and every odd year for real property.

Table 6

Table 6

CITY OF ST. LOUIS, MISSOURI

Property Tax Rates Per \$100 Assessed Value - Direct and Overlapping - Governments

Last Ten Fiscal Years

	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
City of St. Louis:										
Municipal purposes	0.8811	0.8687	0.9559	0.9368	0.9674	0.9599	0.9630	0.9400	0.9600	0.9400
County purposes	0.3179	0.3134	0.3455	0.3386	0.3500	0.3485	0.3500	0.3400	0.3500	0.3400
Hospital purposes	0.0908	0.0895	0.0987	0.0968	0.1000	0.0996	0.1000	0.1000	0.1000	0.1000
Public health purposes	0.0182	0.0179	0.0197	0.0194	0.0200	0.0199	0.0200	0.0200	0.0200	0.0200
Recreation purposes	0.0182	0.0179	0.0197	0.0194	0.0200	0.0199	0.0200	0.0200	0.0200	0.0200
Interest and public debt	0.1328	0.1328	0.1513	0.1513	0.1513	0.1513	0.1800	0.2000		0.1100
Total City of St. Louis	1.4590	1.4402	1.5908	1.5623	1.6087	1.5991	1.6330	1.6200	1.4500	1.5300
Overlapping governments:										
State Blind Pension Fund	0.0300	0.0300	0.0300	0.0300	0.0300	0.0300	0.030	0.03	0.03	0.03
Board of Education of the City of St. Louis	4.0193	3.9720	4.3040	4.1900	4.3000	4.3000	4.300	4.30	4.30	4.30
St. Louis Community College	0.2233	0.2231	0.2368	0.2312	0.2320	0.2300	0.240	0.24	0.24	0.24
Metropolitan St. Louis Sewer District	0.0687	0.0686	0.0690	0.0690	0.0690	0.0890	0.090	0.09	0.09	0.09
Sheltered Workshop District	0.1386	0.1368	0.1490	0.1459	0.1500	0.1499	0.150	0.15	0.15	0.15
St. Louis Public Library	0.5171	0.5104	0.5561	0.5446	0.5600	0.5595	0.560	0.56	0.56	0.56
Community Mental Health	0.0832	0.0821	0.0894	0.0875	0.0900	0.0899	0.090	0.09	0.09	0.09
Community Children's Service Fund	0.1900	0.1900								
Metropolitan Zoological Park and Museum District:										
Zoological Subdistrict	0.0746	0.0763	0.0787	0.0620	0.0610	0.0610	0.063	0.062	0.063	0.063
Art Museum Subdistrict	0.0746	0.0763	0.0787	0.0620	0.0610	0.0610	0.063	0.062	0.063	0.063
Museum of Science and Natural History Subdistrict	0.0373	0.0376	0.0394	0.0320	0.0310	0.0310	0.033	0.032	0.033	0.033
Botanical Garden Subdistrict	0.0373	0.0376	0.0394	0.0320	0.0310	0.0310	0.033	0.032	0.033	0.033
Missouri History Museum Subdistrict	0.0373	0.0376	0.0394	0.0380	0.0380	0.0380	0.040	0.039	0.04	0.04
Total overlapping governmental	5.5313	5.4784	5.7099	5.5242	5.6530	5.6703	5.692	5.687	5.692	5.692
Total City of St. Louis and overlapping governmenta	\$6.9903	\$6.9186	\$7.3007	\$7.0865	\$7.2617	\$7.2694	\$ 7.325	\$ 7.307	\$ 7.142	\$ 7.222

Source: City Assessor's Office.

Table 7
CITY OF ST. LOUIS, MISSOURI
Principal Property Tax Payers
Current Calendar Year and Nine Years Ago
(dollars in thousands)

Taxpayer	Calendar Year 2006			Calendar Year 1997		
	Taxable Assessed Valuation	Rank	Percentage of Total City Taxable Assessed Valuation	Taxable Assessed Valuation	Rank	Percentage of Total City Taxable Assessed Valuation
Anheuser Busch Companies, Inc.	\$ 90,623	1	2.51%	\$ 73,107	3	2.87%
AT&T	85,734	2	2.38%	91,210	1	3.58%
AmerenUE	72,462	3	2.26%	79,413	2	3.11%
Laclede Gas Company	69,250	4	1.92%	60,521	4	2.37%
Age Properties / A.G. Edwards	23,787	5	0.78%	23,731	5	0.93%
UPG-Kiener/Stadium Parking LLC	23,426	6	0.55%			
First States Investor	22,537	7	0.65%			
Nestle Purina Co.	21,914	8	0.62%	20,472	6	0.80%
Metropolitan Square & East 10th St LLC	20,530	9	0.61%	16,067	8	0.63%
US Bank NA	19,993	10	0.57%			
President Riverboat Casino				17,303	7	0.68%
Mallinckrodt				11,945	9	0.47%
717 hb Redevelopment				9,120	10	0.36%
	\$ 450,256		12.85%	\$ 402,889		15.80%

Source: City Assessor's Office and Collector of Revenue

Table 8

Table 8
CITY OF ST. LOUIS, MISSOURI
General and Debt Service Funds - Property Tax Levies And Collections -
Last Ten Fiscal Years
(dollars in thousands)

(1) Fiscal Year Ended June 30	Taxes Levied for the Fiscal Year	Collected within the		Collections in Subsequent Years	Total Collections to Date	
		(2) Amount	Percentage of Levy		Amount	Percentage of Levy
2007	\$ 51,446	\$ 46,475	90.3%	\$ 5,234	\$ 51,709	100.5%
2006	50,929	43,833	86.1%	4,095	47,928	94.1%
2005	48,307	43,828	90.7%	4,508	48,336	100.1%
2004	46,391	42,941	92.6%	4,207	47,148	101.6%
2003	46,104	41,739	90.5%	4,734	46,473	100.8%
2002	46,674	40,994	87.8%	4,214	45,208	96.9%
2001	44,679	39,540	88.5%	5,251	44,791	100.3%
2000	43,073	37,070	86.1%	3,576	40,646	94.4%
1999 (3)	38,197	33,704	88.2%	4,632	38,336	100.4%
1998	39,544	34,271	86.7%	3,316	37,587	95.1%

NOTES:

- (1) Figures are based on the Collector of Revenue's fiscal year which begins the first Monday of March.
- (2) Includes monies collected that were paid to the state for reassessment.
- (3) No levy was charged for debt service during fiscal year 1999.

Source: Collector of Revenue, City of St. Louis.

Table 9
CITY OF ST. LOUIS, MISSOURI
Earnings and Payroll Tax
Last Ten Fiscal Years
(dollars in thousands)

Fiscal Year	Earnings				Total (1) Earnings Tax	Payroll	
	Revenue Base		1% Tax			Revenue Base	(1) .5% Tax
	Business	Individual	Business	Individual			
2007	\$ 1,900,700	\$11,666,000	\$ 19,007	\$116,660	\$ 135,667	\$ 7,059,200	\$ 35,296
2006	1,762,400	11,383,800	17,624	113,838	131,462	7,295,000	36,475
2005	1,177,400	10,858,900	11,774	108,589	120,363	6,365,600	31,828
2004	1,043,700	10,620,500	10,437	106,205	116,642	6,334,600	31,673
2003	1,132,200	10,709,800	11,322	107,098	118,420	6,413,800	32,069
2002	1,079,800	10,786,900	10,798	107,869	118,667	6,930,600	34,653
2001	1,149,100	10,820,100	11,491	108,201	119,692	6,816,800	34,084
2000	1,060,100	10,380,500	10,601	103,805	114,406	6,332,800	31,664
1999	1,268,000	9,786,400	12,680	97,864	110,544	5,947,200	29,736
1998	1,162,100	9,576,200	11,621	95,762	107,383	5,769,400	28,847

Source: City of St. Louis Collector of Revenue

Note:

Data calculated on a cash basis.

(1) Tax totals include Collector of Revenue commissions

Table 10

Table 10
CITY OF ST. LOUIS, MISSOURI
Principal Earnings and Payroll Tax Payers
Current Fiscal Year and Nine Years Ago
(dollars in thousands)

Taxpayer	Fiscal Year 2007			Fiscal Year 1998		
	Total Earnings & Payroll Tax	Rank	Percentage of Total Earnings & Payroll Tax	Total Earnings & Payroll Tax	Rank	Percentage of Total Earnings & Payroll Tax
Anheuser Busch Companies, Inc.	7,539	1	4.41%	\$ 2,855	1	2.10%
AT&T	6,527	2	3.82%	1,683	2	1.24%
Washington University	5,215	3	3.05%			
AG Edwards	4,404	4	2.58%	1,681	3	1.23%
BJC Health Systems	3,911	5	2.29%			
Federated Retail (May Inc.)	2,736	6	1.60%	708	7	0.52%
St. Louis University	2,546	7	1.49%			
Nestle Purina Co.	2,258	8	1.32%	498	9	0.37%
Sigma Aldrich	1,995	9	1.17%	492	10	0.36%
Tyco Healthcare	1,857	10	1.09%			-
Bank of America (Nations Bank)				1,388	4	1.02%
AmerenUE				1,092	5	0.80%
US Bank NA				832	6	0.61%
Tenet Healthsystems				636	8	0.47%
	38,988		22.82%	11,865		8.72%

Source: Collector of Revenue

Note:

(1) The percentages are calculated using total taxes from Table 9.

Table 11
CITY OF ST. LOUIS, MISSOURI
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years
(dollars in thousands)

Fiscal Year	Governmental Activities						Business -Type Activities						(1)
	General Obligation Bonds	Tax Increment Revenue Bonds	Lease Revenue Bonds	Capital Leases	Federal Section 108	Other Obligations	Water Revenue Bonds	Airport Revenue Bonds	Parking Revenue Bonds	Total Primary Government	(1) Percentage of Personal Income		
2007	\$ 54,820	\$ 114,251	\$ 373,940	\$ 61,050	\$ 58,820	2,204	\$ 29,175	\$ 843,920	\$ 70,120	\$ 1,608,300	15.84%	\$4,545	
2006	45,220	69,786	390,792	57,801	63,670	3,723	31,820	861,085	64,527	1,588,424	15.64%	\$4,489	
2005	48,465	41,678	409,275	56,985	68,220	3,359	34,320	894,735	66,264	1,623,301	15.99%	\$4,588	
2004	51,720	30,692	385,068	60,521	72,500	2,784	36,685	930,510	68,134	1,638,614	16.14%	\$4,631	
2003	54,685	25,826	396,230	22,964	76,570	1,184	38,920	961,520	62,515	1,640,414	16.15%	\$4,636	
2002	57,525	11,002	413,521	17,881	78,840	1,765	41,010	896,600	42,445	1,560,589	15.37%	\$4,410	
2001	60,250	11,748	403,171	19,930	55,000	4,698	42,990	934,975	43,335	1,576,097	15.52%	\$4,454	
2000	62,870	12,410	417,483	24,755		2,811	44,870	436,240	44,095	1,045,534	10.30%	\$2,955	
1999	65,000	13,005	407,239	16,615		3,586	46,705	458,230	33,255	1,043,635	10.28%	\$2,949	
1998	2,000	13,545	418,895	17,525		975	46,950	476,660	33,645	1,010,195	9.95%	\$2,855	
							31,820	861,085					

Source: Notes to Basic Financial Statements

Note:

(1) See Table 16 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.

Table 12
CITY OF ST. LOUIS, MISSOURI
Ratio of Net General Obligation Debt Outstanding
Last Ten Fiscal Years
(dollars in thousands except per capita)

General Bonded Debt Outstanding					(1)	(2)
Fiscal Year	General Obligation Bonds	Less Debt Service Fund	Total Net Bonded Debt	Actual Taxable Value of Property	Per Capita (in dollars)	
2007	\$ 54,820	\$ 8,045	\$ 46,775	0.30%	\$ 133	
2006	45,220	7,239	37,981	0.25%	108	
2005	48,465	6,271	42,194	0.33%	121	
2004	51,720	6,528	45,192	0.35%	130	
2003	54,685	6,312	48,373	0.44%	139	
2002	57,525	9,986	47,539	0.39%	137	
2001	60,250	10,134	50,116	0.44%	144	
2000	62,870	6,328	56,542	0.51%	169	
1999	65,000	1,454	63,546	0.58%	185	
1998	2,000	2,299	(299)	0.00%		

Source: City Assessor's Office and Comptroller's Office

Note:

(1) See Table 5 for property value data.

(2) Population data can be found in Table 16

Table 13
CITY OF ST. LOUIS, MISSOURI
Computation of Direct and Overlapping Bonded Debt -
General Obligation Bonds
June 30, 2007
(dollars in thousands)

	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
<u>Governmental Unit</u>			
Debt repaid with property taxes			
Board of Education of the City of St. Louis (1):			
General Obligation Debt	\$ 226,916	100.00%	\$ 226,916
Energy loans	79	100.00%	79
Total Board of Education	<u>226,995</u>		<u>226,995</u>
St. Louis Public Library Leasehold Revenue Bonds(2)	<u>3,650</u>	100.00%	<u>3,650</u>
Other debt			
Board of Education of the City of St. Louis	<u>1,924</u>	100.00%	<u>1,924</u>
Subtotal, overlapping debt			232,569
City of St. Louis direct debt (3)			<u>665,085</u>
Total direct and overlapping debt			<u><u>\$ 897,654</u></u>

Source:

- (1) Board of Education City of St. Louis.
- (2) St. Louis Public Library
- (3) Notes to basic financial statements

Table 14

CITY OF ST. LOUIS, MISSOURI
Legal Debt Margin Calculation
Last Ten Fiscal Years
(dollars in thousands)

Table 14

Legal Debt Margin Calculation for Fiscal Year Ended June 30, 2007	
Assessed Value	\$ 3,892,747
Debt limit (10% of assessed value)	389,274
Debt applicable to limit:	
General obligation bonds	54,820
Less: Amount set aside for repayment .	
of general obligation debt.	(8,045)
Total net debt applicable to limit	<u>46,775</u>
Legal Debt Margin	<u><u>\$ 342,499</u></u>

	Fiscal Year Ended June 30,									
	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>
Debt limit	\$ 389,274	\$ 388,274	\$ 336,573	\$ 336,374	\$ 317,615	\$ 326,378	\$ 303,368	\$ 294,875	\$ 289,586	\$ 282,856
Total net debt applicable to limit	<u>46,775</u>	<u>37,981</u>	<u>42,194</u>	<u>45,192</u>	<u>48,373</u>	<u>47,539</u>	<u>50,116</u>	<u>56,542</u>	<u>63,546</u>	
Legal debt margin	<u><u>\$ 342,499</u></u>	<u><u>\$ 350,293</u></u>	<u><u>\$ 294,379</u></u>	<u><u>\$ 291,182</u></u>	<u><u>\$ 269,242</u></u>	<u><u>\$ 278,839</u></u>	<u><u>\$ 253,252</u></u>	<u><u>\$ 238,333</u></u>	<u><u>\$ 226,040</u></u>	<u><u>\$ 282,856</u></u>
Total net debt applicable to the limit as a percentage of debt limit	12.02%	9.78%	12.54%	13.44%	15.23%	14.57%	16.52%	19.17%	21.94%	0.00%

Table 15
CITY OF ST. LOUIS, MISSOURI
Pledged-Revenue Coverage,
Last Ten Fiscal Years
(dollars in thousands)

Fiscal Year	Water Revenue Bonds (1)						Airport Revenue Bonds (1)					
	Utility Service Charges	Less:		Net		Coverage	Aviation Revenue	Less:		Net		Coverage
		Operating Expenses	Available Revenue	Debt Service Principal	Debt Service Interest			Operating Expenses	Available Revenue	Debt Service Principal	Debt Service Interest	
2007	\$ 45,256	\$ 36,816	\$ 8,440	\$ 1,469	1.95	\$ 164,052	\$ 83,415	\$ 80,637	\$ 25,090	\$ 39,664	1.25	
2006	45,762	34,405	11,357	1,286	2.89	126,037	76,833	49,204	13,960	47,118	0.81	
2005	44,264	32,491	11,773	1,444	2.99	138,882	74,185	64,697	34,090	34,949	0.94	
2004	42,061	33,119	8,942	1,590	2.26	145,433	73,622	71,811	29,135	53,625	0.87	
2003	41,389	34,216	7,173	1,727	1.81	171,874	83,814	88,060	31,030	30,552	1.43	
2002	40,952	32,224	8,728	1,854	2.21	204,341	72,478	131,863	39,485	42,749	1.60	
2001	42,816	33,742	9,074	2,001	2.28	162,676	70,048	92,628	25,940	21,006	1.97	
2000	41,588	30,897	10,691	2,110	2.68	133,036	63,042	69,994	23,615	22,615	1.51	
1999	39,486	29,883	9,603	2,211	2.37	125,691	63,457	62,234	21,990	22,558	1.40	
1998	40,763	30,316	10,447	2,735	2.36	119,983	57,872	62,111	20,875	20,359	1.51	

(1) Coverage ratio as defined by the various bond covenants may be different than that presented here.
(2) Coverage ratio for Tax Incremental Financings and for Leasehold Revenue Bonds combines several issues.

Table 15
CITY OF ST. LOUIS, MISSOURI
Pledged-Revenue Coverage,
Last Ten Fiscal Years
(dollars in thousands)

Fiscal Year	Parking Revenue Bonds (1)						Tax Increment Financing Bonds (1) (2)					
	Parking Fees and Violations			Less: Operating Expenses			Net Operating Available			Debt Service		
	Year	Revenue	Expenses	Revenue	Principal	Interest	Revenue	Expenses	Revenue	Principal	Interest	Coverage
2007	\$ 15,743	\$ 8,030	\$ 7,713	\$ 1,475	\$ 3,208	1.65	\$ 7,459	\$ 418	\$ 7,041	\$ 4,079	\$ 8,123	0.58
2006	15,345	8,082	7,263	1,727	3,400	1.42	5,632	424	5,208	2,997	5,202	0.64
2005	13,403	7,908	5,495	1,870	3,436	1.04	5,106	448	4,658	3,615	3,201	0.68
2004	12,243	7,116	5,127	993	3,360	1.18	5,490	437	5,053	2,150	2,229	1.15
2003	11,548	6,166	5,382	935	2,321	1.65	2,979	251	2,728	831	1,854	1.02
2002	12,013	6,276	5,737	890	2,367	1.76	2,410	3	2,407	746	1,664	1.00
2001	10,799	5,997	4,802	760	2,407	1.52	1,898	6	1,892	661	1,218	1.01
2000	10,227	4,644	5,583	400	1,761	2.58	1,715	6	1,709	595	1,264	0.92
1999	8,936	5,028	3,908	390	1,736	1.84	1,026	6	1,020	540	1,298	0.55
1998	8,877	4,660	4,217	175	1,329	2.80	2,374	5	2,369	495	1,349	1.28

(1) Coverage ratio as defined by the various bond covenants may be different than that presented here.
(2) Coverage ratio for Tax Incremental Financings and for Leasehold Revenue Bonds combines several issues.

Table 15
CITY OF ST. LOUIS, MISSOURI
Pledged-Revenue Coverage,
Last Ten Fiscal Years
(dollars in thousands)

Justice Center Leasehold Revenue Bonds (1) (2)							
Fiscal Year	Prisoner Housing Reimbursement	Less:		Net		Debt Service	
		Operating Expenses	Available Revenue	Principal	Interest	Coverage	
2007	\$ 7,857	-	\$ 7,857	\$ 6,285	\$ 4,836	0.7	
2006	7,963	-	7,963	5,339	4,927	0.8	
2005	6,634	-	6,634	5,155	5,797	0.6	
2004	6,388	-	6,388	4,700	6,032	0.6	
2003	5,290	-	5,290	4,480	6,252	0.5	
2002	7,457	-	7,457	4,275	6,530	0.7	
2001	6,359	-	6,359	4,040	7,094	0.6	
2000	5,787	-	5,787	2,410	5,954	0.7	
1999	5,245	-	5,245	2,020	6,045	0.7	
1998	6,027	-	6,027	1,500	6,109	0.8	

(1) Coverage ratio as defined by the various bond covenants may be different than that presented here.

(2) Coverage ratio for Tax Incremental Financings and for Leasehold Revenue Bonds combines several issues.

Table 16
CITY OF ST. LOUIS, MISSOURI
Demographic and Economic Statistics
Last Ten Calendar Years

Calendar Year	(1) Population	(4) Personal Income (<i>thousands of dollars</i>)		Per Capita Personal Income	(1) Median Age	(2) Public School Enrollment	(3) Unemployment Rate	
2006	353,837	\$	10,154,902	\$	28,530	35.6	39,554	6.9%
2005	352,572		9,529,001		27,027	35.4	32,894	7.9%
2004	*		9,188,866		26,201	35.7	36,954	8.7%
2003	*		9,128,411		26,228	34.4	39,974	8.4%
2002	*		9,162,420		26,162	33.8	39,524	7.8%
2001			8,994,072		25,726	34.2	40,449	6.6%
2000			8,560,506		24,686	33.8	41,867	5.2%
1999			8,177,603		23,354	33.7	44,522	6.2%
1998			8,040,052		22,780	33.6	45,675	7.6%
1997			7,872,764		22,045	33.5	44,128	7.5%

NOTES:

(1) Source: Census Bureau -Population estimates since 2000 have been slightly inconsistent because the Census

Bureau has used an Administrative Records methodology whereas the City has used a Housing Unit methodology. * Statistics reflect the City's successful challenge of the Bureau's methodology for Calendar Years 2002, 2003, and 2004.

(2) Data provided by the Board of Education of the City of St. Louis.

(3) Data provided by the U. S. Bureau of Labor Statistics.

(4) Source: U.S. Bureau of Economic Analysis-Calendar Year 2006 figures are estimates; actual statistics for this period are released in April 2008.

Table 17

CITY OF ST. LOUIS, MISSOURI

Principal Employers,

Current Calendar Year and Nine Years Ago

Employer	Calendar Year 2006			Calendar Year 1997		
	Employees	Rank	(1) Percentage of Total City Employment	Employees	Rank	(1) Percentage of Total City Employment
BJC Health Systems	15,351	1	NA	12,332	1	NA
Washington University	13,006	2	NA	10,632	2	NA
St. Louis University	9,379	3	NA	10,254	4	NA
City of St. Louis	8,647	4	NA	10,610	3	NA
AT&T Services, Inc.	6,628	5	NA	6,754	8	NA
St. Louis Board of Education	6,232	6	NA	8,964	5	NA
United States Postal Service	5,800	7	NA	7,962	7	NA
State of Missouri	5,310	8	NA	8,555	6	NA
Anheuser Busch Inc.	5,033	9	NA			
A G Edwards and Sons	5,016	10	NA			
May Department Stores(Macy's)				5,646	10	NA
Nations Bank (Bank of America)				6,060	9	NA
	80,402			87,769		

Note:

(1) Total City employment is unavailable for current and previous fiscal years, but will be obtainable for fiscal year 2008.

Source: City Collector of Revenue

Table 18
CITY OF ST. LOUIS, MISSOURI
Full-time Equivalent City Government Employees by Function/Program
Last Ten Fiscal Years

<u>Function/Program</u>	<u>Full-time Equivalent Employees as of June 30</u>									
	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>
Primary Government Employees:										
General government	525	518	514	525	550	545	557	562	563	540
Convention and tourism	3	3	3	3	3	4	4	4		
Parks and recreation	324	328	331	336	334	347	349	354	353	348
Judicial	705	717	726	731	733	718	712	713	706	700
Streets	452	454	456	466	472	478	475	475	480	480
Public Safety:										
Fire	831	831	830	829	829	830	830	831	832	832
Police	1,919	1,916	1,899	2,051	2,075	2,012	2,105	2,394	2,395	2,392
Other	753	756	762	812	844	643	652	651	722	724
Health and welfare	274	255	287	314	375	351	384	314	312	308
Public service	245	240	259	301	339	335	328	328	303	303
Community development	62	65	64	71	88	88	89	57	85	85
Business-Type Employees:										
Airport	634	623	582	589	781	768	759	774	770	769
Water Division	380	382	384	389	391	403	406	412	413	416
Parking Division	135	162	158	157	139	156	164	141	152	156
Total Employees	7,242	7,250	7,255	7,574	7,953	7,678	7,814	8,010	8,086	8,053

Table 19
CITY OF ST. LOUIS, MISSOURI
Operating Indicators by Function/Program
Last Ten Fiscal Years

	Fiscal Year									
	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>
<u>General Government</u>										
Payroll checks issued	250,945	200,939	194,477	202,244	205,108	205,108	205,107	207,667	211,918	207,247
Invoices processed	107,796	107,943	109,385	109,346	111,372	127,044	130,762	126,980	144,769	131,293
Deeds recorded	107,042	101,638	97,069	96,827	98,704					
Birth and death certificate copies issued	73,205	76,618	61,677	65,530	2,694					
Marriage licenses processed	2,739	2,566	2,592	2,695						
Real property parcels	142,168	142,351	140,979	139,927	138,742	138,355	138,311	138,584	138,677	
Personal property accounts	105,571	109,342	114,442	113,737	106,955	108,997	122,582	125,009	124,339	
Problem properties cases heard*	6,050	7,954	11,593	8,429	2,745					
Citizen Service Bureau (CSB) contacts	223,776	230,541	239,610	236,582	152,021					
CSB service requests issued	104,909	97,050	96,134	98,589	99,006	103,889	102,774	98,380	97,175	97,222
<u>Parks and Recreation and Forestry</u>										
Park use permits issued	3,251	2,999	2,714	1,410	1,168	1,335				
Vacant lot grass cuttings*	68,904	71,578	80,949	77,363	56,817	54,627	55,569	47,720	39,196	
Vacant building grass cuttings*	33,320	31,927	41,320	36,691	24,451	23,618	18,165	18,490	22,421	
CSB service requests received*	24,665	23,745	22,524	23,635	24,795	23,981	21,031	22,970	24,739	22,862
<u>Judicial</u>										
Juvenile cases-referrals *	5,532	6,686	5,870	6,749	7,048	8,261				
Jurors summoned	74,850	71,300	66,400	64,750	71,800	88,400	67,950	72,228	90,125	84,400
Jurors who served	21,059	22,131	21,628	22,286	24,437	23,599	23,853	26,160	26,360	24,488
<u>Streets</u>										
Tons of waste placed in landfills	195,958	220,085	246,613	213,591	213,228	228,753	208,415	212,096	222,679	207,687
Tons of waste recycled	4,141	1,848	1,784	1,368	1,368	1,367	2,558	2,174	1,556	1,609
Vehicles towed	10,489	11,793	11,508	13,505	14,130	17,319				

Table 19
CITY OF ST. LOUIS, MISSOURI
Operating Indicators by Function/Program
Last Ten Fiscal Years

	Fiscal Year									
	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>
<u>Public Safety</u>										
<u>Fire</u>										
Suppression calls	44,751	41,513	41,603	40,021	39,847	41,461	41,213	42,338	37,451	33,045
EMS calls	59,209	58,112	57,960	58,205	57,746	59,953	62,460			
<u>Police</u>										
Directed calls for service*	320,499	333,351	343,149	347,630	374,045	445,910	479,493			
Felony arrests*	15,162	13,837	13,084	14,213	14,422	14,778	14,692			
Misdemeanor arrests*	10,440	10,323	10,820	10,244	11,768	10,179	11,040			
Police reports written*	106,086	100,007	99,699	111,893	112,633	109,143	118,025			
<u>Public Service</u>										
Contracts executed	164	189	170	158	205	189	112	105	101	110
Bridges inspected	36	35	34	33	42	32	42	29	42	28
<u>Airport</u>										
Major airlines	10	9	10	9	8	10	10	10	10	10
Commuter airlines	22	13	12	12	12	9	10	9	8	6
Air cargo carriers	5	6	6	6	6	6	6	6	6	6
Passengers	15,136,182	16,655,185	14,072,947	16,064,247	23,675,012	25,232,710	29,909,488	30,519,575	29,106,516	28,641,346
Aircraft operations	260,151	304,631	254,399	293,474	414,787	451,638	483,941	494,564	503,281	511,312
<u>Water Division</u>										
Bills issued - metered	53,388	56,452	54,008	54,452	54,904	55,204	55,756	56,256	56,392	56,980
Bills issued - flat rate	330,420	330,012	328,572	330,936	334,460	337,108	339,008	341,016	343,900	347,512
Millions of gallons of water purified	48,137	48,923	49,724	49,883	49,098	48,177	50,165	47,170	48,696	48,897

* Information based on calendar year

Table 20
CITY OF ST. LOUIS, MISSOURI
Capital Asset Statistics by Function/Program
Last Ten Fiscal Years

	Fiscal Year									
	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>
<u>Parks and Recreation</u>										
Park acreage	2,717	2,717	2,717	2,717	2,717	2,717				
Miles of bicycle paths	35	28	27	27	17	17				
Athletic fields	152	188	188	188	188	194				
Recreation centers	9	9	9	9	9	9	9	9	9	9
Neighborhood centers	1	1	1	1	1	1	1	1	1	1
Swimming pools	8	8	8	8	8	8	8	8	8	8
Golf courses	2	2	2	3	3	3	3	3	3	3
<u>Judicial</u>										
Court houses	3	3	3	3	3	3	3	3	3	3
<u>Streets</u>										
Alley containers	28,282	28,669	28,669	28,669	29,334	30,000	30,000	30,000	30,000	30,000
Recycling containers	135	116	116	116	81	81	81	81	54	52
Streets - paved (miles)	150	150	150	150	130	130	150	130	130	130
Streets - (miles)	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100
Alleys (miles)	450	400	400	400	400	400	400	400	400	400
Street, alley and easement lights	75,100	75,100	75,100	69,800	69,800	69,600	69,600	69,700	69,700	69,700
<u>Public Safety</u>										
<u>Fire</u>										
Fire stations	30	30	30	30	30	30	30	30	30	30
Fire department vehicles	144	178	178	177	177	176	176	176	176	120
<u>Police</u>										
Police stations	3	4	4	4	4	4	4	4	4	4
Police vehicles	700	651	601	642	645	649	649	640	640	642
<u>Public Service</u>										
Bridges structurally deficient	16	13	6	11	12	12	12	12	12	12
Bridges functionally obsolete	22	26	29	34	34	34	34	34	34	34
Total bridges	71	73	71	76	75	75	72	72	71	
<u>Water Division</u>										
Miles of water mains	1,400	1,400	1,400	1,400	1,400	1,400	1,400	1,400	1,400	1,400
Water storage capacity (gallons)	128,000,000	128,000,000	128,000,000	128,000,000	128,000,000	128,000,000	128,000,000	128,000,000	128,000,000	128,000,000
Treatment Plants	2	2	2	2	2	2	2	2	2	2

**TABLE III-1
ST. LOUIS MSA POPULATION TRENDS**

County/Area	Population Estimates		Avg. Annual Growth ate
	7/1/2000	7/1/2006	
St. Louis, MO-IL MSA			
Crawford, MO	22,868	24,009	0.8%
Franklin, MO	94,088	100,067	1.0%
Jefferson, MO	198,836	216,469	1.4%
Lincoln, MO	39,269	50,123	4.2%
St. Charles, MO	286,243	338,719	2.8%
St. Louis, MO	1,016,467	1,000,510	-0.3%
Warren, MO	24,736	29,685	3.1%
Washington, MO	23,434	24,182	0.5%
St. Louis City, MO	346,777	347,181	0.0%
Bond, IL	17,648	18,055	0.4%
Calhoun, IL	5,092	5,177	0.3%
Clinton, IL	35,560	36,633	0.5%
Jersey, IL	21,672	22,628	0.7%
Macoupin, IL	49,011	48,841	-0.1%
Madison, IL	259,122	265,303	0.4%
Monroe, IL	27,772	31,876	2.3%
St. Clair, IL	256,188	260,919	0.3%
Total MSA	2,724,783	2,820,377	0.6%
MISSOURI	5,606,532	5,842,713	0.7%
UNITED STATES	282,216,952	299,398,484	1.0%

Source: U.S. Census Bureau at www.census.gov.

**TABLE III-2
ST. LOUIS MSA CIVILIAN LABOR FORCE**

Year	Civilian Labor Force			Unemployment Rate
	Total	Employed	Unemployed	
1997	1,384,606	1,326,347	58,259	4.2%
1998	1,390,011	1,332,061	57,950	4.2%
1999	1,387,517	1,339,093	48,424	3.5%
2000	1,435,289	1,384,782	50,507	3.5%
2001	1,444,013	1,378,476	65,537	4.5%
2002	1,446,080	1,368,879	77,201	5.3%
2003	1,440,863	1,357,739	83,124	5.8%
2004	1,440,221	1,354,399	85,822	6.0%
2005	1,451,002	1,371,322	79,680	5.5%
2006	1,464,152	1,391,204	72,948	5.0%
Average Annual Growth Rate				
1997-2006	0.6%	0.5%	2.5%	-

**TABLE III-3
ST. LOUIS MSA MAJOR EMPLOYERS
2007**

<p>More than 10,000 Employees</p> <p>BJC Healthcare *</p> <p>Schnuck Markets, Inc. *</p> <p>SSM Health Care *</p> <p>Wal-Mart Stores, Inc.</p> <p>Boeing Integrated Defense Systems *</p> <p>Scott Air Force Base *</p> <p>United States Postal Service</p> <p>Washington University in St. Louis *</p> <p>5,000 - 10,000 Employees</p> <p>Anheuser-Busch Companies, Inc. *</p> <p>City of St. Louis</p> <p>Dierbergs Markets *</p> <p>Saint Louis University *</p> <p>St. John's Mercy Health Care *</p> <p>AT&T Communications Inc.</p> <p>DaimlerChrysler Assembly Plants</p> <p>McDonald's</p> <p>Special School District of St. Louis *</p> <p>St. Louis Public Schools</p>	<p>3,000 - 5,000 Employees</p> <p>Ameren Corporation *</p> <p>Covidien Imaging Solutions & Pharmaceuticals</p> <p>Enterprise Rent-A-Car *</p> <p>Monsanto Company *</p> <p>Shop 'n Save Warehouse Foods, Inc.</p> <p>U. S. Bancorp</p> <p>United Parcel Service</p> <p>Citigroup</p> <p>Edward Jones *</p> <p>General Motors</p> <p>Rockwood School District *</p> <p>St. Louis County Government *</p> <p>U.S. Steel</p> <p>Wachovia Securities</p> <p>2,000 - 3,000 Employees</p> <p>Ameristar Casinos, Inc.</p> <p>Emerson Electric Co. *</p> <p>Maritz, Inc. *</p> <p>MCI WorldCom Network Services</p> <p>Pfizer Inc.</p> <p>Tenet Healthsystem Medical, Inc.</p> <p>Veterans Health Administration</p> <p>Delmar Gardens Enterprises *</p> <p>Harrah's Maryland Heights</p> <p>MasterCard International Inc.</p> <p>Nestle Purina PetCare Company *</p> <p>Sigma-Aldrich Co. *</p> <p>University of Missouri - St. Louis *</p>
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Asterisk indicates location of corporate headquarters in Greater St. Louis region.

Source: St. Louis Regional Chamber & Growth Association (RCGA) at www.stlrcga.org.

TABLE IV-1
LAMBERT-ST. LOUIS INTERNATIONAL AIRPORT
SCHEDULED AIR CARRIERS SERVING THE AIRPORT
As of October 2007

Major/National	Regional	All-Cargo
Air Tran ¹	Air Canada Jazz ²	ASTAR
America West ¹	Air Wisconsin ^{1 3}	Capital Cargo
American ¹	American Eagle ^{1 4}	FedEx
Continental ¹	Atlantic Southeast ^{1 5}	United Parcel Service ¹
Delta ¹	Chautauqua ^{1 3 4 5 6}	
Frontier ¹	Comair ^{1 5}	
Northwest ¹	Expressjet ^{1 6}	
Southwest ¹	Go Jet ^{1 7}	
United ¹	Great Lakes	
US Airways ¹	Mesa ^{1 3}	
USA 3000	Mesaba ^{1 8}	
	Pinnacle ^{1 8}	
	PSA ³	
	Republic ³	
	Skyway ⁹	
	Skywest ^{1 5}	
	Trans States ^{1 3 4 7}	

¹ Participating airlines

² Foreign flag carrier.

³ Regional operator for US Airways (US Airways Express).

⁴ Regional operator for American (American Connection).

⁵ Regional operator for Delta (Delta Connection).

⁶ Regional operator for Continental (Continental Express).

⁷ Regional operator for United (United Express).

⁸ Regional operator for Northwest (Northwest Airlink).

⁹ Regional operator for Midwest (Midwest Connect)

Source: Airport management.

Table 25

TABLE IV-4
LAMBERT-ST. LOUIS INTERNATIONAL AIRPORT
O&D AND CONNECTING ENPLANEMENTS
1997-2007

Year	O&D		Connecting		Total Enplanements
	Actual	Share	Actual	Share	
CY 1997	7,144,372	51.7%	6,676,207	48.3%	13,820,579
1998	7,107,768	49.6%	7,226,561	50.4%	14,334,329
1999	7,127,141	47.2%	7,965,840	52.8%	15,092,981
2000	7,260,756	47.5%	8,040,822	52.5%	15,301,578
2001	6,347,313	47.4%	7,042,280	52.6%	13,389,593
2002	5,750,948	44.8%	7,095,086	55.2%	12,846,034
2003	5,229,015	51.3%	4,967,507	48.7%	10,196,522
2004	5,263,363	78.5%	1,444,357	21.5%	6,707,720
2005	5,616,263	76.3%	1,746,655	23.7%	7,362,918
2006	5,749,638	75.6%	1,855,260	24.4%	7,604,898
FY 1999	7,156,835	49.1%	7,422,499	50.9%	14,579,334
2000	7,193,492	47.1%	8,065,665	52.9%	15,259,157
2001	7,034,255	46.9%	7,949,293	53.1%	14,983,548
2002	5,780,267	45.8%	6,839,748	54.2%	12,620,015
2003	5,511,052	46.6%	6,317,177	53.4%	11,828,229
2004	5,159,619	64.4%	2,858,000	35.6%	8,017,619
2005	5,518,897	78.3%	1,529,462	21.7%	7,048,359
2006	5,724,298	75.1%	1,898,886	24.9%	7,623,184
2007	5,740,674	76.1%	1,802,595	23.9%	7,543,269
Average Annual Growth Rate					
CY 1997-2006	-2.4%	-	-13.3%	-	-6.4%
FY 1999-2007	-2.7%	-	-16.2%	-	-7.9%

Source: Airport management.

TABLE IV-6
LAMBERT-ST. LOUIS INTERNATIONAL AIRPORT
DOMESTIC AND INTERNATIONAL ENPLANEMENTS
1997-2007

Year	Domestic		International		Total Enplanements
	Actual	Share	Actual	Share	
CY 1997	13,663,543	98.9%	157,036	1.1%	13,820,579
1998	14,157,672	98.8%	176,657	1.2%	14,334,329
1999	14,907,791	98.8%	185,190	1.2%	15,092,981
2000	15,103,678	98.7%	197,900	1.3%	15,301,578
2001	13,131,364	98.1%	258,229	1.9%	13,389,593
2002	12,561,382	97.8%	284,652	2.2%	12,846,034
2003	9,989,788	98.0%	206,737	2.0%	10,196,525
2004	6,583,603	98.1%	124,117	1.9%	6,707,720
2005	7,241,915	98.4%	121,003	1.6%	7,362,918
2006	7,484,214	98.4%	120,684	1.6%	7,604,898
FY 1999	14,387,966	98.8%	175,456	1.2%	14,563,422
2000	15,080,187	98.8%	178,970	1.2%	15,259,157
2001	14,746,149	98.4%	237,399	1.6%	14,983,548
2002	12,340,054	97.8%	279,961	2.2%	12,620,015
2003	11,580,964	97.9%	247,265	2.1%	11,828,229
2004	7,849,427	97.9%	168,192	2.1%	8,017,619
2005	6,924,320	98.2%	124,039	1.8%	7,048,359
2006	7,508,864	98.5%	114,320	1.5%	7,623,184
2007	7,417,586	98.3%	125,683	1.7%	7,543,269
Average Annual Growth Rate					
CY 1997-2006	-6.5%	-	-2.9%	-	-6.4%
FY 1999-2007	-7.9%	-	-4.1%	-	-7.9%

Source: Airport management.

Table 27

TABLE IV-8
LAMBERT-ST. LOUIS INTERNATIONAL AIRPORT
AIRLINE MARKET SHARE
CY 2002 - 2007

Airline	Enplanements					Market Share						
	2002	2003	2004	2005	2006	Jan-Sep 2007	2002	2003	2004	2005	2006	Jan-Sep 2007
Air Carrier												
Air Tran												
America West	66,449	88,402	123,939	113,227	118,418	62,149	0.0%	0.0%	0.0%	0.0%	0.0%	1.1%
American	8,761,934	6,056,451	2,107,436	2,536,041	2,656,712	89,271	0.5%	0.9%	1.8%	1.5%	1.6%	1.5%
Continental	42,135	11,960	43,154	399		2,028,846	68.2%	59.4%	31.4%	34.4%	34.9%	34.6%
Delta	181,187	185,013	229,355	169,932	154,900	125,406	0.3%	0.1%	0.6%	0.0%	0.0%	0.0%
Frontier	13,445	11,045	97,028	99,314	110,658	101,344	1.4%	1.8%	3.4%	2.3%	2.0%	2.1%
Northwest	230,328	231,115	338,006	279,275	237,420	187,696	0.1%	0.1%	1.4%	1.3%	1.5%	1.7%
Southwest	1,450,562	1,342,119	1,584,019	1,688,940	1,886,811	1,483,363	11.3%	13.2%	23.6%	22.9%	24.8%	25.3%
United	260,555	223,180	228,406	130,270	93,751	76,400	2.0%	2.2%	3.4%	1.8%	1.2%	1.3%
US Airways	139,358	5,087	25,701	64,542	430	16,827	1.1%	0.0%	0.4%	0.9%	0.0%	0.3%
USA 3000			3,336	74,495	79,811	66,330	0.0%	0.0%	0.0%	1.0%	1.0%	1.1%
Subtotal-Air Carrier	11,145,953	8,154,372	4,780,380	5,156,435	5,338,911	4,237,632	86.8%	80.0%	71.3%	70.0%	70.2%	72.2%
Commuter												
Air Canada/Jazz Air	19,504	13,333	17,647	19,885	20,261	16,223	0.2%	0.1%	0.3%	0.3%	0.3%	0.3%
AA Connection/American Eagle	-	4,832	29,430	65,234	44,700	25,505	0.0%	0.0%	0.4%	0.9%	0.6%	0.4%
AA Connection/Chautauqua	560,274	495,595	401,248	420,598	475,580	354,788	4.4%	4.9%	6.0%	5.7%	6.3%	6.0%
AA Connection/RegionsAir	83,919	76,255	63,612	68,728	67,493	10,220	0.7%	0.7%	0.9%	0.9%	0.9%	0.2%
AA Connection/Trans States	553,623	810,943	668,337	717,520	674,784	493,958	4.3%	8.0%	10.0%	9.7%	8.9%	8.4%
Continental Express/Chautauqua						45,784	0.0%	0.0%	0.0%	0.0%	0.0%	0.8%
Continental Express/Expressjet	111,803	135,230	149,617	190,223	196,899	100,280	0.9%	1.3%	2.2%	2.6%	2.6%	1.7%
Delta Connection/Atlantic Coast			5,506				0.0%	0.0%	0.1%	0.0%	0.0%	0.0%
Delta Connection/Atlantic Southeast				93,610	69,686	26,206	0.0%	0.0%	0.0%	1.3%	0.9%	0.4%
Delta Connection/Chautauqua				22,913	49,199	49,199	0.0%	0.0%	0.0%	0.0%	0.3%	0.8%
Delta Connection/Comair	78,893	98,439	135,909	124,487	68,594	26,898	0.6%	1.0%	2.0%	1.7%	0.9%	0.5%
Delta Connection/Freedom						1,267	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Delta Connection/Shuttle America						540	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Delta Connection/Skywest						31,270	0.0%	0.0%	0.0%	0.0%	0.2%	0.5%
Midwest Connect/Skyway	4,814	4,782	7,929	8,708	10,389	10,414	0.0%	0.0%	0.1%	0.1%	0.1%	0.2%
Northwest Airlink/Mesaba	56,976	73,173	44,571	42,096	25,522	4,309	0.4%	0.7%	0.7%	0.6%	0.3%	0.1%
Northwest Express/Pinnacle			5,441	44,695	67,656	54,107	0.0%	0.0%	0.1%	0.6%	0.9%	0.9%
United Express/Go Jet				18,395	119,952	99,733	0.0%	0.0%	0.0%	0.2%	1.6%	1.7%
United Express/Mesa		8,951	30,401	15,065			0.0%	0.1%	0.5%	0.2%	0.0%	0.0%
United Express/Skywest			16,931	41,844			0.0%	0.0%	0.3%	0.6%	0.2%	0.0%
United Express/Trans States	39,078	32,657	87,211	109,647	96,645	72,548	0.3%	0.3%	1.3%	1.5%	1.3%	1.2%
US Airways Express/Air Midwest					1,186	2,401	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
US Airways Express/Air Wisconsin				18,246	44,278	21,901	0.0%	0.3%	0.0%	0.2%	0.6%	0.4%
US Airways Express/Chautauqua	29,767	14,144	3,069	1,167	1,687	52,660	0.2%	0.1%	0.0%	0.0%	0.0%	0.0%
US Airways Express/Mesa	6,608	72,310	76,842	52,952	81,743	15,619	0.1%	0.7%	1.1%	0.7%	1.1%	0.9%
US Airways Express/PSA			23,550	25,455	22,501	23,945	0.0%	0.0%	0.4%	0.3%	0.3%	0.3%
US Airways Express/Republic					7,273	30,373	0.0%	0.0%	0.0%	0.0%	0.1%	0.4%
US Airways Express/Trans States	23,420	34,110	40,402	38,804	38,298	30,373	0.2%	0.3%	0.6%	0.5%	0.5%	0.5%
Subtotal-Commuter	1,568,679	1,905,001	1,807,653	2,117,359	2,181,774	1,570,148	12.2%	18.7%	26.9%	28.8%	28.7%	26.8%
Subtotal-Charter	131,402	137,149	119,687	89,124	84,213	61,673	1.0%	1.3%	1.8%	1.2%	1.1%	1.1%
Total Enplanements	12,846,034	10,196,522	6,707,720	7,362,918	7,604,898	5,869,453	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Source: Airport management.

TABLE IV-11
LAMBERT-ST. LOUIS INTERNATIONAL AIRPORT
HISTORICAL AIR CARGO (In Pounds)
1997-2007

Year	Freight		Mail		Total
	Pounds	Share	Pounds	Share	
CY 1997	197,912,443	68.3%	91,882,960	31.7%	289,795,403
1997	186,984,794	68.8%	84,932,798	31.2%	271,917,592
1998	214,406,126	73.3%	78,161,440	26.7%	292,567,566
1999	211,601,498	73.2%	77,378,841	26.8%	288,980,339
2000	214,749,669	74.8%	72,268,005	25.2%	287,017,674
2001	212,177,374	78.8%	57,236,399	21.2%	269,413,773
2002	191,472,804	67.3%	93,223,627	32.7%	284,696,431
2003	178,056,476	69.9%	76,754,433	30.1%	254,810,909
2004	169,255,722	73.4%	61,269,380	26.6%	230,525,102
2005	168,362,101	75.5%	54,767,037	24.5%	223,129,138
2006	142,445,586	72.7%	53,541,462	27.3%	195,987,048
FY 1999	212,210,557	73.3%	77,140,818	26.7%	289,351,375
2000	215,766,693	74.0%	75,701,181	26.0%	291,467,874
2001	215,879,453	75.9%	68,617,309	24.1%	284,496,762
2002	192,103,187	72.5%	72,800,856	27.5%	264,904,043
2003	194,538,626	69.5%	85,243,106	30.5%	279,781,732
2004	168,677,926	71.9%	65,884,143	28.1%	234,562,069
2005	168,841,820	74.6%	57,373,046	25.4%	226,214,866
2006	158,158,030	74.3%	54,641,662	25.7%	212,799,692
2007	135,622,875	71.9%	53,056,751	28.1%	188,679,626
Average Annual Growth Rate					
CY 1997-2006	-3.2%	-	-5.3%	-	-3.8%
FY 1999-2007	-5.4%	-	-4.6%	-	-5.2%

Source: Airport management.





Provided by the City of St. Louis
Office of the Comptroller

Honorable Darlene Green,
Comptroller

